


**SOCIAL CONTROL FROM THE PERSPECTIVE OF AGENCY CONFLICT
IN THE PUBLIC SECTOR**

Hugo Leonardo Menezes de Carvalho^A, Rodrigo Silva Diniz Leroy^B



ARTICLE INFO	ABSTRACT
<p>Article history:</p> <p>Received 01 September 2023</p> <p>Accepted 14 December 2023</p>	<p>Purpose: This work has the general objective of analyzing how transparency, as an instrument of social control, can act as a mitigating element of agency conflict.</p> <p>Theoretical Background: The present study is based on the theoretical assumption that the presence of greater social control reveals a greater level of society's control over public managers, reducing agency conflicts. To validate this assumption, Transparency will be analyzed as one of the control instruments, since, in a scenario of greater social control, managers tend to be more transparent and there is a better social environment.</p> <p>Methodology: A quantitative methodology was used with correlation between the Transparency Index (IT), carried out by the Federal Public Ministry, with other social data, such as the socioeconomic indicators of the States (Human Development Index – HDI, Per Capita Income – RPC and Gini Index -GINI) and the number of police investigations against public administration opened in the States.</p> <p>Results and Conclusion: It was possible to note that the Transparency Index analyzed is significantly correlated, with a positive sign, to the indicators of wealth and socioeconomic development, signaling possible evidence that more developed and richer locations tend to be more transparent.</p> <p>Research Implications: The study advances in the verification of social control factors and the agency conflict that exists in the public sector, a fact still little explored in previous national literature.</p> <p>Originality/Value: The lack of social control over the actions of its representatives ends up contributing to weak control in the effective solution of the agency conflict that exists in the public sector.</p> <p>Doi: https://doi.org/10.26668/businessreview/2023.v8i12.4191</p>
<p>Keywords:</p> <p>Social Control; Transparency; Agency Conflict.</p> <div data-bbox="172 920 475 1160" data-label="Image">  </div>	

CONTROLE SOCIAL NA PERSPECTIVA DO CONFLITO ENTRE AGÊNCIAS O SETOR PÚBLICO

RESUMO

Propósito: Este trabalho tem o objetivo geral de analisar como a transparência, como um instrumento de controle social, pode agir como um elemento atenuante do conflito de agências.

Contexto Teórico: O presente estudo baseia-se no pressuposto teórico de que a presença de maior controle social revela um maior nível de controle da sociedade sobre os gestores públicos, reduzindo os conflitos de agência. Para validar esse pressuposto, a Transparência será analisada como um dos instrumentos de controle, já que, em um cenário de maior controle social, os gestores tendem a ser mais transparentes e há um ambiente social melhor.

Metodologia: Utilizou-se metodologia quantitativa com correlação entre o Índice de Transparência (TI), realizado pelo Ministério Público Federal, e outros dados sociais, como os indicadores socioeconômicos dos Estados (Índice de Desenvolvimento Humano – IDH, Renda Per Capita – RPC e Índice Gini – GINI) e o número de inquéritos policiais contra a administração pública abertos nos Estados.

^A PhD em Ciências Contábeis. Universidade Ceuma. São Luís, Maranhão, Brasil.

E-mail: menezesdecarvalho@gmail.com Orcid: <https://orcid.org/0000-0001-8373-5202>

^B PhD em Ciências Contábeis. Universidade Federal do Espírito Santo (UFES). Vitória, Espírito Santo, Brasil.

E-mail: rodrigo.leroy@ufes.br Orcid: <https://orcid.org/0000-0003-4233-0940>

Resultados e Conclusão: Foi possível notar que o Índice de Transparência analisado está significativamente correlacionado, com sinal positivo, aos indicadores de riqueza e desenvolvimento socioeconômico, sinalizando possíveis evidências de que locais mais desenvolvidos e mais ricos tendem a ser mais transparentes.

Implicações da Pesquisa: O estudo avança na verificação dos fatores de controle social e o conflito de agências que existe no setor público, fato ainda pouco explorado na literatura nacional anterior.

Originalidade/Valor: A falta de controle social sobre as ações de seus representantes acaba contribuindo para o fraco controle na solução efetiva do conflito de agências que existe no setor público.

Palavras-chave: Controle Social, Transparência, Conflito de Agências.

CONTROL SOCIAL EN VISTA DEL CONFLICTO ENTRE ORGANISMOS EL SECTOR PÚBLICO

RESUMEN

Propósito: Este trabajo tiene el objetivo general de analizar cómo la transparencia, como instrumento de control social, puede actuar como un elemento atenuante del conflicto de agencia.

Contexto Teórico: El presente estudio se basa en el supuesto teórico de que la presencia de un mayor control social revela un mayor nivel de control de la sociedad sobre los gestores públicos, reduciendo los conflictos de la agencia. Para validar esta premisa, se analizará la Transparencia como uno de los instrumentos de control, ya que, en un escenario de mayor control social, los gestores tienden a ser más transparentes y existe un mejor entorno social.

Metodología: Se utilizó la metodología cuantitativa con correlación entre el Índice de Transparencia (TI), realizado por la Fiscalía Federal, y otros datos sociales, como los indicadores socioeconómicos de los Estados (Índice de Desarrollo Humano — Índice de Desarrollo Humano — Índice de Desarrollo Humano, Alquiler Per Capita — Índice de la RPC y Gini — GINI), y se abrió en los Estados el número de investigaciones policiales contra la administración pública.

Resultados y Conclusiones: Se observó que el Índice de Transparencia analizado está significativamente correlacionado, con una señal positiva, con indicadores de riqueza y desarrollo socioeconómico, lo que indica una posible evidencia de que los sitios más desarrollados y más ricos tienden a ser más transparentes.

Implicaciones de Investigación: Las implicaciones del estudio incluyen la verificación de los factores de control social y el conflicto entre organismos que existen en el sector público, hecho que aún no ha sido explorado en la literatura nacional anterior.

Originalidad/Valor: La falta de control social sobre las acciones de sus representantes termina contribuyendo al débil control en la solución efectiva del conflicto de organismos que existen en el sector público.

Palabras clave: Control Social, Transparencia, Conflicto de Agencias.

INTRODUCTION

According to Przeworski (1996), the ability of citizens to control public officials is related to the institutional arrangements that enable society to supervise its administrators. This regulatory aspect is supported by the republican character of the Brazilian form of government, in which public resources belong to society, and by the democratic aspect of collective choices, a form of representation of the population in political and administrative decisions.

In this way, Castro (2007, p. 118) emphasizes that the democratic rule of law adopted by the Brazilian system requires control mechanisms “that can be exercised by agents who are outside the administrative structure and who are, so to speak, totally detached and impartial in relation to the activity that will be the object of control”.

Thus, along with controls between the legislative, executive and judicial powers, by the Courts of Auditors and the Fiscal Councils, social control is a form of external control exercised

by the population. It manifests itself through voting, or by controlling government actions, such as representation and petitioning public bodies, the right to obtain certificates and information and legal institutes such as *habeas data*, *habeas corpus*, *writ of mandamus*, popular action, public civil action, among others (CASTRO, 2015).

This establishment of control between public administrators and society arises from the conflict of interests between these two poles, a situation that is in line with the so-called agency conflict, which exists in the Agency Theory which, according to Jensen and Meckling (1976), consists of a contract whereby one or more people (the principal) delegates decision-making authority to another person (the agent) to perform some service on their behalf.

However, if both parties to the relationship are utility maximizers, in other words, they act to serve their personal interests, this opens up the possibility that the agent will not always act in the best interests of the principal, which is when the agency conflict arises (JENSEN; MECKLING, 1976).

This contradiction between agent and principal can be applied to the relationships established in the public sector, with society playing the role of principal and public managers the role of agent. Along these lines, this study is based on the theoretical assumption that the presence of greater social control reveals a greater level of control by society over public managers, reducing existing agency conflicts.

And to validate this conceptual framework, the aspect of Transparency will be analyzed as one of the important instruments of social control, since in a scenario of greater social control, managers tend to be more transparent and, therefore, it is expected that there will not be a greater number of investigations into crimes against the Public Administration and that the return on government actions will be more effective in promoting social development.

In this sense, the research problem is to verify, from the point of view of transparency, how this instrument of social control can act as a mitigator of the agency conflict that exists in the public sector. With this in mind, the general objective of this work is to analyze how transparency, as an instrument of social control, can act as a mitigating element of agency conflict.

To this end, the methodology used was the interaction between the Transparency Index (TI), carried out by the Federal Public Prosecutor's Office, with other social data, such as the socio-economic indicators of the states and the number of police investigations against the public administration opened in the states. This relationship seeks to illustrate the rationale for improving agency conflict in a more transparent institutional environment.

In addition to the introduction, this paper consists of a theoretical framework, methodological procedures, discussion and analysis of the results and final considerations.

THEORETICAL BACKGROUND

Social Control in Public Administration

According to Nascimento and Reginato (2009, p. 1), “the concept of organizational control in its full form reflects the means used by management to create patterns of behaviour to be followed by organizational members”. Thus, the presence of control over the actions of the various organizational agents dates back to the origins of administration, as can be seen from Frederick Taylor (1991): Human nature is such that many workers, left to their own devices, pay little attention to written instructions. It is therefore necessary to appoint instructors, called functional leaders, to observe whether the workers understand and apply the instructions (TAYLOR, 1991, p. 90).

Since government is a specific organizational form, the applicability of control mechanisms is similar to that practiced in the private sphere. With the rise of the democratic republican state of law, where power derives from the people and is exercised by them, directly or indirectly, with public managers being bound by legal mandates in the administrative legal system, the need to remodel the means of control between society and rulers emerged (MALLICK & SAHOO, 2023).

In this way, the peculiarities of the public sector, such as the administrative legal regime and the bureaucratic form of organization, end up highlighting the control aspects that exist in this branch. Thus, according to Carvalho Filho (2007, p. 828) “the legal nature of control is that of a fundamental principle of Public Administration”, and it should therefore be exercised at all levels of state administrative power.

This emphasis on the control function applied to Public Administration has, in addition to the legal character that establishes it, the supervisory focus of society on the actions of public managers, in order to prevent them from acting on behalf of particular interests, their own or those of others. In this sense, Gasparini (1992) points out that: It is precisely through control that the administrators and the Administration can assess the legitimacy or appropriateness of administrative conduct, and for this reason this possibility is undoubtedly a guarantee for both (GASPARINI, 1992, p. 546).

Notwithstanding the considerations on the origins of control in Public Administration, it is important to highlight the ways in which this control can be exercised. In this regard, Guerra (211, p. 90) points out that “control of the Administration is a genus, from which we can draw

various species, and there is no definitive classification”. Thus, according to the same author, the classification of public control, according to the location of the controller, presents the forms of internal control, external control and social control. Since the sphere of interest in this work is social control over the state, only this means of control was chosen for analysis. In this context, there are different dimensions of control, with the primacy of society over the state being the first and most legitimate dimension of a republican nation's control system.

Thus, Santos (2003, p. 53) defines that “social control, a mechanism for the manifestation of active citizenship, is exercised through popular participation, emerging as a form of expression of direct democracy, since it is the direct participation of the citizen”.

This concept stems from the idea of the social contract explained in Jean-Jacques Rousseau's *The Social Contract* (1972). In this sense, Silva, Ferreira and Barros (2008, p.37) state that “in Rousseau's theoretical framework lie the roots of popular sovereignty and social control as society's control over the state, defending the public interest over private interest in public affairs”.

In this way, the delegation of powers by society to the ruler is linked to the expectation that the latter will act in its interests, and this situation characterizes the so-called agency relationship, according to Jensen and Meckling (1976).

Agency Theory

The concepts related to agency theory are largely supported by the analyses presented by Michael C. Jensen and William C. Meckling when they published *Theory of the firm: managerial behavior, agency costs and ownership structure* in 1976.

In this sense, several articles on the subject have this work as an important source to be considered, as does this work. Thus, “Agency Theory aims to analyze the conflicts and costs resulting from the separation between ownership and control of capital, which gives rise to informational asymmetries, risks and other problems pertinent to the principal-agent relationship” (JENSEN; MECKLING, 1976 *apud* ARRUDA; FREITAS JUNIOR; MADRUGA, 2008). Similarly, Mendes (2001) defines that:

the core of the theory consists of the principal knowing that he will lose part of his wealth and, in compensation, trying to get the best performance from the agent, in other words, the principal stops getting the maximum in order to get what is possible within the conditions set, due to the participation of a professional administrator. (MENDES, 2001, p. 32, *apud* ARRUDA; FREITAS JUNIOR; MADRUGA, 2008)

This separation is largely due to the complexity of business operations, at which point the owner loses control over all management and specializes sectors of the organization.

In order to satisfactorily understand the reasons why conflicts between the owner and his agents occur, it is necessary to emphasize the changes that have taken place in the management composition of organizations, where structures that were previously limited and family-owned have moved on to the joint-stock company model, with the presence of shareholders (ARRUDA; FREITAS JUNIOR; MADRUGA, 2008).

In this space, the agency conflict emerges when the agent's behaviour differs from that expected by the principal, requiring mechanisms to harmonize them. According to Davis and Wood (1998, *apud* PEREIRA, 2005), agency theory offers two responses to the alignment of interests between principal and agent:

The first is to increase the flow of information from the principal through performance indicators, increase the yield on financial accounts and clearly specify objectives. The second is to contract on the market, since competition acts as an instrument for disciplining agents. Contracts give the principal a greater opportunity to control its agents and therefore prevent capture by producers.

From these concepts, two factors can be extracted in relation to agency problems: information asymmetry and the moral risks involved. According to Nascimento and Reginato (2009, p. 89), “information asymmetry occurs due to the fact that the agent has more information about the company's activities than the principal”. Moral hazard, on the other hand, arises from deviations in the agent's behavior, such as the possibility of the agent having opportunistic attitudes after being hired, which are difficult for the principal to predict (NASCIMENTO; REGINATO, 2009).

Given this theoretical framework and given that the public administration is based on legal relations imposed by the so-called administrative legal regime, in which the public manager is only allowed to do what is provided for by law, the Brazilian government administration can be analyzed from the perspective of agency theory, with the principal represented by society, which delegates functions via legislation to agents, the public managers, albeit indirectly (SLOMSKI, 1999, *apud* MELLO, 2006).

The presence of this delegation of power gives rise to agency conflict in the public sphere in this sector, which is based on managers achieving the actions expected by society. It is therefore necessary to develop models capable of maximizing the understanding of this structure, allowing citizens to see the value of the services produced by the group of agents (MUHTAR, WINARNA & SUTARYO, 2023).

Instruments of social control and the conflict of agency

Due to the contractual nature of the agency relationship, this contract should, strictly speaking, strive for perfection in order to avoid conflicts arising from this relationship.

However, in practice, this is quite unlikely, due to the multiplicity of actions of the agent that must be guided. Thus, the minimization of agency conflicts must also be supported by the organizational management model in which incentives, punishments and controls are established (NASCIMENTO; REGINATO, 2009).

Thus, since social control is an integral part of the agency relationship that exists in public administration and the dichotomy between the interests of society and those of managers is present, this control presupposes a set of instruments that are suitable for its implementation and that make it possible to minimize the effects of this agency conflict, especially with regard to participation in the structuring of a management control system and the means to evaluate the actions of the agent and those who set up a control system.

According to Breder (2008), the social control instruments currently in place are: information and transparency; public hearings/consultations; participatory budgeting; participation in administrative collegiate bodies and sectoral management councils; and representations/complaints. However, Figueiredo and Santos (2013) point out that:

The negative factor in participatory instruments is that they are used to comply with legal requirements, such as the public policy council and the public hearing, serving only to ratify the opinion of administrators (FIGUEIREDO and SANTOS, 2013, p. 17).

The authors also point out that social participation is largely fostered by transparency, since “the information disclosed brings society closer to the management exercised by its representatives” (FIGUEIREDO; SANTOS, 2013, p. 5). This framework shows the predominant presence of transparency and guaranteed access to information. This emphasis on publicizing public acts goes some way to solving a fundamental element of agency conflict: information asymmetry.

However, the conflict between agent and principal also involves the construction of instruments to control the latter's actions, in order to direct the behavior of managers towards fulfilling the objectives stipulated by the principal, as well as ensuring that agents do not deviate from them (IBGC, 2009).

In this way, establishing controls is part of the process of seeking a certain result, in this case, the effectiveness of government actions. This makes it necessary to redefine control criteria and differentiate them for each peculiarity of complex state activities.

Social control, despite having instruments for this purpose, such as councils and public hearings, does not effectively contemplate the formulation of a control system, if not for the representative nature of Brazilian democratic society. The representative system is established

by the political-electoral system where agents are chosen who, invested with powers by the voters, act on behalf of the collective interest.

Along these lines, Oliveira (1999, *apud* DUARTE, 2006, p.1) “highlights the need to develop political awareness among citizens and, above all, a culture of supervision and control by society over the actions of public authorities”.

Faced with this scenario, social control has a dimension of action that goes beyond simple passive participation as a spectator of government information. Its effective performance also calls for proactive action in relation to the construction of state control instruments, a fact that requires a strengthening of the representative system, in such a way that society's supervisory spirit is driven in a different direction from the current social control instruments.

METHODOLOGICAL PROCEDURES

According to the theoretical assumptions presented, the presence of greater social control is expected to reveal a greater level of control by society over public managers, reducing the existing agency conflicts, since if managers are more transparent, it is expected that there will not be a greater number of investigations into crimes against the Public Administration.

Thus, considering transparency as an instrument of social control to be analyzed, this study collected data from the Transparency Index (TI), carried out by the Federal Public Prosecutor's Office (MPF, 2017b) in 2015, to highlight the level of transparency of municipal governments, divided by each state federative unit. This indicator takes into account action 4 of the National Strategy to Combat Corruption and Money Laundering (ENCCLA), and is measured through a questionnaire which evaluated transparency items on the internet, with information on revenue, expenditure, tenders and contracts, reports, citizen information service, good transparency practices, among others (MPF, 2017b).

Socio-economic indicators of the states were also collected to be correlated with the Transparency Indices, in order to verify the existence of an association between development and transparency. The state measures used were the Human Development Index (HDI), Per Capita Income (PRI) and the Gini Index (GINI) for 2010, taken from the Atlas of Human Development in Brazil 2013. The choice of these variables was due to the measurement of the following dimensions: income, education and longevity, by the HDI; wealth of the resident population, by the PRI; and inequality of distribution of this income, by the GINI (ATLAS BRASIL, 2013). It should be noted that the natural logarithm of the indices was calculated

when using the PRC variable, in order to standardize the data and reduce the effects of significant discrepancies between the units in the sample.

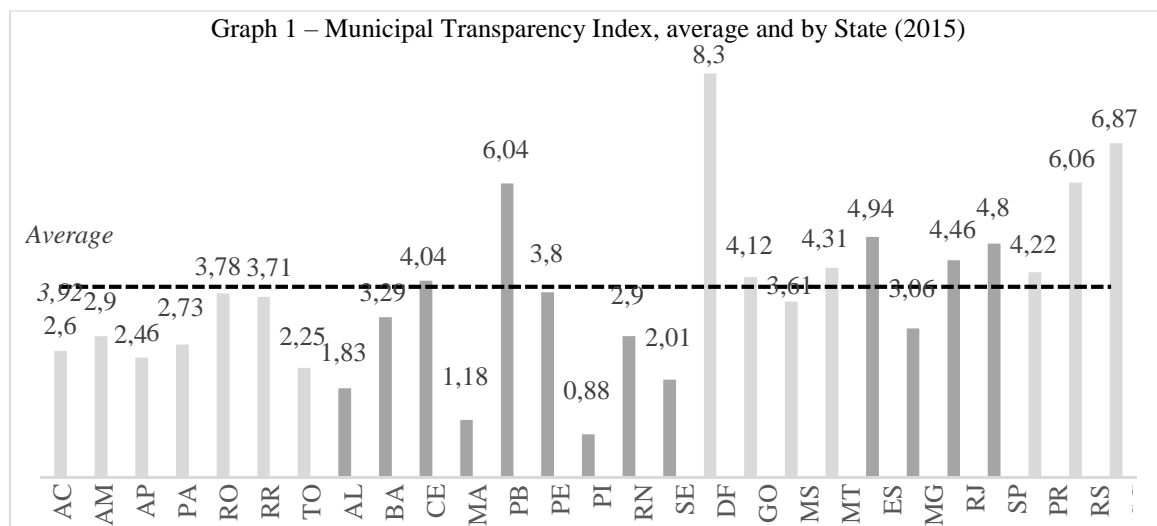
Additionally, as a measure of effective social control, to demonstrate the investigation of crimes against the Public Administration, the number of police investigations opened in each state in 2015 was used, with data also extracted from the MPF (MPF, 2017a). In addition, the Transparency Portals of each state were searched for information on requests for information by the public and how these were met.

This work, which is purely descriptive, seeks to illustrate, in general terms, the theoretical premises revealed about the role of social control and the agency relationship that exists in the public sector, especially with regard to Transparency.

DISCUSSION AND ANALYSIS OF RESULTS

Based on the conceptual and relational aspects presented, an attempt was made to illustrate the fundamentals using data between two elements, one that expresses public transparency (Transparency Index – TI) and the other that indicates the number of investigations into misconduct against the public administration (Police Investigations – PI).

The level of transparency can therefore be seen in Graph 1, which shows the TI for each state and the national average.



Source: Adapted from MPF (2017b).

It can be seen from the data presented that the IT of the states is generally low in 2015, since it ranges from 0 to 10 and the national average was only 3.92 in 2015. Only eleven states exceeded the national average for that year, concentrated in the Midwest, South and Southeast regions.

Looking specifically at the regions, IT performance was low in the north of the country, where all the states were below the national average. Similarly, the average performance of the northeastern states was predominantly low, with Paraíba standing out positively, with one of the highest rates, and Piauí, with the lowest rate in the country in 2015.

In the Midwest, of the four states, only Mato Grosso do Sul had transparency below the national average, with the Federal District having the highest TI in the series, considerably higher than the other states. On the other hand, the states in the southeast had an average performance close to the national average, with the exception of Minas Gerais. Finally, the states in the South region performed more satisfactorily, all with higher values compared to the country.

As a result, it seems possible to infer a relationship between the transparency index and the states' development indicators, given that the regions with the highest social development indices were the ones with the best TIs. The correlation between the TI of each state and the Human Development Index (HDI), Per Capita Income (PCI) and Gini Index (GINI) for 2010 was calculated, with the results shown in Table 1.

Table 1 – Correlations between the Transparency Index (2015) and social indicators (2010)

	RPC	HDI	GINI
IT	0,776341586	0,758836629	-0,431224358

Source: MPF (2017b), Atlas Brasil (2013). Prepared by the authors.

Table 1 shows that TI is significantly correlated, with a positive sign, with indicators of wealth and socioeconomic development, signaling possible evidence that more developed and wealthier locations tend to be more transparent, as highlighted, for example, by Pinho (2006), Cruz et al. (2012), Leite Filho, Colares and Andrade (2015), Reis, Ferreira and Ferreira (2017) and Zuccolotto and Teixeira (2017).

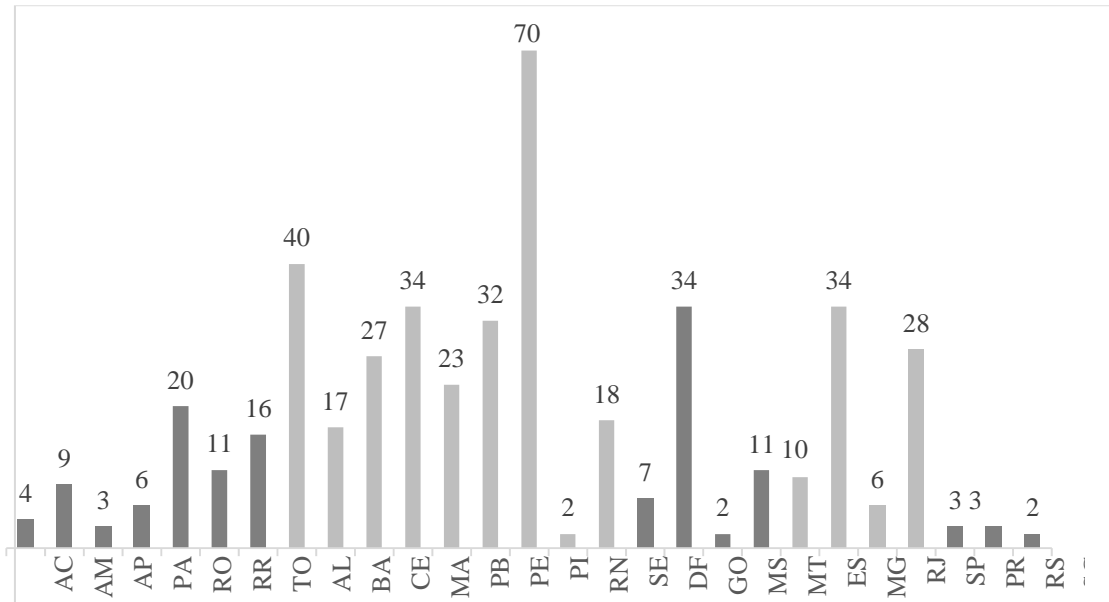
In relation to the Gini Index, which measures the degree of inequality in income distribution, there was a negative correlation of low intensity, allowing us to infer that there may be indications that the states with the greatest inequalities are less transparent.

Therefore, there are indications that the socio-economic performance of the units can make them more transparent, especially the degrees of development and wealth of the entity.

It is important to highlight the importance of transparency as a form of social control, however, it is a measure of available information that does not measure the effectiveness of this control through citizen initiative. Therefore, a *proxy* found as an alternative to measure the effectiveness of control as an exercise of citizenship was the number of police investigations

opened to investigate crimes against the Public Administration. The number of investigations per state in 2015 can be seen in Graph 2:

Graph 2 – Number of Inquiries Initiated into Crimes against the Public Administration, by State (2015)



Source: Adapted from MPF (2017a).

Graph 2 shows that, as a whole, the number of investigations opened in a year in the states is low, especially in the North, Midwest and South. In the North, the number of investigations in a year is considered low, with the state of Roraima standing out as having the highest number in the region.

On the other hand, the northeastern states had the highest average number of investigations into crimes against the public administration, with the exception of Rio Grande do Norte, with the lowest number among the others, and the highlight being Piauí, with the highest number in the country.

On average, both the Midwest and Southeast have similar figures, as there is a predominance of states with few investigations in 2015, along with others with average figures, such as Goiás, Minas Gerais and São Paulo. The three southern states, on the other hand, had a significantly low number of cases in that year, being the region with the lowest figures among the others.

It was not possible to identify a relationship between the number of lawsuits filed and economic, social or demographic indices, given that there is no pattern in the behavior of the states according to this type of variable.

However, when Graphs 1 and 2 are analyzed, some possible relationships between the Transparency Index and Police Investigations can be identified, such as: the Federal District, which was considered the most transparent and had a low number of investigations; Piauí, which was considered the least transparent state and had the highest number of investigations into crimes against the Public Administration; and Santa Catarina, considered the second most transparent, with a significantly low number of investigations opened.

The states with extreme performance were highlighted, which may point to the possibility that more transparent municipalities are less likely to comply with the tools for effective social control, given that they try to provide data to citizens in a clear and sufficient manner.

Another important instrument of social control is the request for information by the population, through the electronic portals of public entities, which shows effective control by society, as it points out the requests and their fulfillment. A search of the transparency portals of all the states revealed that, in 2015, only seven of them provided information on the amount of information requested and complied with, as shown in Table 2. No such information was found for the others.

Table 2 – Number of Information Requests and Responses, by State (2015)

State	Requested	Attended
Ceará (CE)	59.144	59.029
Maranhão (MA)	334	329
Minas Gerais (MG)	785	784
Paraíba (PB)	768	768
Piauí (PI)	257	257
Rio Grande do Norte (RN)	374	284
São Paulo (SP)	1.005.189	1.005.189

Source: State Transparency Portals (2017).

Table 2 shows that the state of São Paulo stands out for the amount of information requested, which is very different from the other states, all of which was complied with, and the state of Ceará, which also had a significant figure, with a high level of compliance. The other states had relatively low figures, but one constant among them was the high rate of compliance with the information requested.

When relating the Transparency Index to the availability of information requests, it is not possible to see a linearity, since of the seven states that make this information available, only Ceará, Paraíba and São Paulo have TIs above the national average. On the other hand, Piauí provides this information, but had the lowest TI in the country in 2015, making it the least transparent state.

Therefore, due to the lack of data on citizen requests for information on the transparency portals of all the states, this measure has limitations to be used as a *proxy* for effective social control.

Once the results have been presented, it is important to emphasize that the intention was not to establish a definitive cause and effect relationship, but to substantiate how there is an indication that an environment of greater transparency contributes to a lower level of actions to investigate deviations against the Public Administration. Given that the data is still incipient, an attempt was made to highlight some indications of relationships, in order to raise concerns among readers and citizens about transparency as an instrument for effective social control.

CONCLUSIONS

As can be seen, social control is a mitigating element of the agency conflict that exists in the public sector, insofar as control is exercised based on an analysis of the condition (what has been done) in relation to the criterion (how and what should have been done). Thus, the means of social participation need to include active participation by society and not just the reception of information, which is mainly technical and ends up fostering the asymmetry of information that exists in Brazilian public administration, making it more difficult for the public to participate social control is limited to the idea of monitoring the publicity of acts and not the correct application of resources and the quality of the services used.

In this specific case, the aim of this study was to analyze social control from the point of view of Transparency, in order to verify the link between the Transparency Index of municipal governments in conjunction with socio-economic indicators (Human Development Index – HDI, Per Capita Income – PRC and Gini Index – GINI) and the number of police investigations into crimes against public administration, Per Capita Income (PRC) and the Gini Index (GINI) and the number of police investigations into crimes against the Public Administration, in which an inverse relationship was found, highlighting the logical assumptions that weakened social control does not harmonize the agency conflicts that exist in the public sector, with Transparency being one of the elements of this action.

This context can be demonstrated by the results found and presented, in which it was possible to note that the Transparency Index analyzed is significantly correlated, with a positive sign, to indicators of wealth and socioeconomic development, signaling possible evidence that more developed and wealthier localities tend to be more transparent.

Furthermore, in the relationship between the level of Transparency and the number of cases brought against the public administration, although it is not possible to express a

certain pattern of behavior of the states between these variables. However, in the most extreme cases, there is an indication of a negative relationship between transparency and the number of police investigations.

Similarly, in relation to the fulfillment of requests, the results point to the possibility that more transparent municipalities are less likely to comply with the tools of effective social control, since they try to provide data to citizens in a clear and sufficient manner.

It is important to note that the various variables influencing the data analyzed were not controlled in order to obtain a decisive cause and effect relationship, but rather to represent the conceptual and logical importance of the role of social control in the agency conflict in the public sector, highlighting transparency as one of these elements in comparison to another that suggests public deviations, such as investigations. With this, a means of social control that is closer to what is desired in order to resolve the agency conflict and, consequently, improve public management.

Thus, the lack of social control over the actions of their representatives ends up contributing to weak control in the effective solution of the agency conflict that exists in the public sector, as illustrated in the graphs presented by this study. This theoretical contribution seeks to increase studies on this subject, examining it from an innovative perspective of relating Transparency, one of the instruments of control, with consequent elements in social life, such as socio-economic indicators and the number of police investigations into crimes against the Public Administration.

Finally, it is suggested that further research could identify measurement patterns and the relationship between social control and other of its instruments, which could facilitate the creation of a general social control indicator in the future.

REFERENCES

ARRUDA, G.S.; FREITAS JUNIOR, N. I.; MADRUGA, S. R. **Corporate governance and agency theory in line with controllership**. ReA UFSM – Revista de Administração da UFSM, v. 1, p. 71-84, 2008. Available at:

<<http://cascavel.ufsm.br/revistas/ojs-2.2.2/index.php/reaufsm/article/viewFile/570/430>>.

Atlas of Human Development in Brazil. **Consultation**. 2013. Available at:

<<http://atlasbrasil.org.br/2013/pt/consulta/>>.

BREDER, J. C. Controle Social – um modelo em construção: contribuições do Tribunal de Contas da União. 2008.

CARVALHO FILHO, José dos Santos. **Manual of Administrative Law**. 17. ed. Rio de Janeiro: Lumen Juris, 2007.

CASTRO, D. P. **Auditing, accounting and internal control in the public sector**. 6. ed. São Paulo: Atlas, 2015.

CASTRO, R. P. A. **Sistema de controle interno: uma perspectiva do modelo de gestão Pública Gerencial**. Belo Horizonte: Fórum, 2007.

CRUZ, C. F.; FERREIRA, A. C. S.; SILVA, L. M.; MACEDO, M. A. S. Transparency of the municipal public management: a study based on the electronic portals of the largest brazilian municipalities. **Revista de Administração Pública**, v. 46, n. 1, p. 153-176, 2012.

DUARTE, M. R. T. **O conceito de controle social e a vinculação de recursos à educação**. Paper presented at the 29th Annual Meeting of ANPED. Caxambu, 2006. Available at:

<<http://www.anped.org.br/reunioes/29ra/trabalhos/trabalho/GT05-2087--Int.pdf>>

FIGUEIREDO, V. S.; SANTOS, W. J. L. Transparency and social control in public administration. **Temas de Administração Pública**, v. 8, n. 1, 2013.

GASPARINI, D. **Administrative Law**. São Paulo: Saraiva, 1992.

GUERRA, E M. **External and internal controls of public administration**. 2. ed. ver. and ampl., 2. reprint. Belo Horizonte: Fórum, 2011.

BRAZILIAN INSTITUTE OF CORPORATE GOVERNANCE. **Code of the Best**

Corporate Governance Practices. 4. ed. IBGC: São Paulo, 2009. Available at:

<www.ibgc.org.br/Download.aspx?Ref=Codigos&CodCodigo=47>.

JENSEN M.; MECKLING, W. **Theory of the firm: Managerial behavior, agency cost, and ownership structure**. In: Journal of Financial Economics. 1976. Available at:

<<http://www.sfu.ca/~wainwrig/Econ400/jensen-meckling.pdf>>

LEITE FILHO, G. A.; COLARES, A. F. V.; ANDRADE, I. C. F. Transparency of public

fiscal management: a study based on the electronic portals of the largest municipalities in the State of Minas Gerais. **Contabilidade Vista & Revista**, v. 26, n. 2, p. 114-136, 2015.

MALLICK, S. K.; SAHOO, G. Corporate Social Responsibility Practices and its Impact on Corporate Profitability: A Comparative Analysis Between Public and Private Sector Companies in Odisha. **International Journal of Professional Business Review**, São Paulo (SP), v. 8, n. 11, p. e04004, 2023.

MELLO, G. R. **Governança Corporativa no Setor Público Brasileiro (Corporate Governance in the Brazilian Public Sector)**, Master's Dissertation in Accounting Sciences, University of São Paulo – USP, São Paulo, 2006. Available at: <<http://www.teses.usp.br/teses/disponiveis/12/12136/tde-28072006-093658/>>

MENDES, A. P. S. **Agency Theory Applied to the Analysis of Relationships between Participants in University-Company Technological Cooperation Processes**. 2001. 260f. Thesis (Doctorate in Administration) – School of Economics, Administration and Accounting, São Paulo, 2001.

MUHTAR, M.; WINARNA, J.; SUTARYO, S. Internal Control Weakness and Corruption: Empirical Evidence from Indonesian Local Governments. **International Journal of Professional Business Review**, São Paulo (SP), v. 8, n. 6, p. e01278, 2023.

MPF. FEDERAL PUBLIC MINISTRY. **Monitor**. 2017. Available at:

<<https://monitora.mpf.mp.br/Combate/>>.

MPF. FEDERAL PUBLIC MINISTRY. **National Transparency Ranking**. 2017. Available at: <<http://combateacorrupcao.mpf.mp.br/ranking>>.

NASCIMENTO, A. M. REGINATO, L. **Controladoria: Um enfoque na Eficácia Organizacional**. São Paulo: Atlas, 2009.

PEREIRA, J. M. **State reform and corruption control in Brazil**. REGE Rev. Gest. [online]. 2005, vol. 12, n. 2, pp. 1-17. ISSN 1809-2276. Available at:

<http://www.revistasusp.sibi.usp.br/scielo.php?pid=S1809-22762005000200002&script=sci_arttext>.

PINHO, J.A.G. *Accountability in state and municipal portals in Brazil: realities far from promises*. In: Encontro de Administração Pública e Governança, II, São Paulo, 2006.

Proceedings... São Paulo: Anpad, 2006.

PRZEWORSKI, A. **Reforma do Estado: responsabilidade política e intervenção econômica**. Revista Brasileira de Ciências Sociais, n. 32. São Paulo: ANPOCS, 1996. Available at:

<http://www.anpocs.org.br/portal/publicacoes/rbcs_00_32/rbcs32_02.htm>.

REIS, A. O.; FERREIRA, M. A. M.; FERREIRA, M. A. S. Intervenientes da Transparência Orçamentária Pública a Nível Nacional. **Revista de Gestão e Contabilidade da UFPI**, v. 4, n. 1, p. p. 22-36, 2017.

ROUSSEAU, J. J. **Do Contrato Social**, Coleção os Pensadores, São Paulo, Abril Cultural, 1978.

SANTOS, J. L. **Tribunal de Contas da União & Controle Estatal e Social da Administração Pública**. Curitiba: Juruá, 2003.

SILVA, H. H. C.; FERREIRA, L. P. B.; BARROS, M. L. **State/society and social control.** Revista Eletrônica Interdisciplinar Diversa: Matinhos, v.1, n.1, pág.23-39, julho/dezembro 2008.

TAYLOR, F. W. **Principles of Scientific Management.** Translation by Arlindo Oliveira Ramos. 8 ed. São Paulo: Atlas, 1990.

ZUCCOLOTTO, R.; TEIXEIRA, M. A. C. Budget transparency: reasons for the mismatch between Brazilian states. **Organizations & Society**, v. 24, n. 82, 2017.