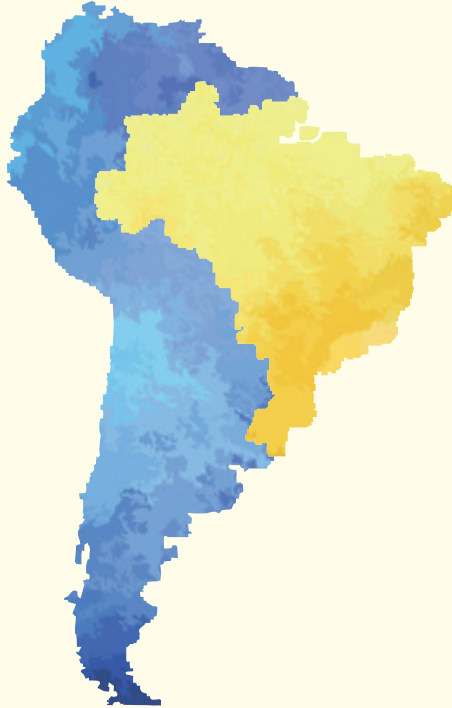


Josef Wieland,
Julika Baumann Montecinos (eds.)



Brazilian Perspectives on Transcultural Leadership

Josef Wieland and Julika Baumann Montecinos (eds.)
Brazilian Perspectives on Transcultural Leadership

Transcultural Management Series

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Josef Wieland and
Julika Baumann Montecinos (eds.)

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Preface

At first glance, trends such as globalization and digitalization as well as the diagnosis of a VUCA world with volatility, uncertainty, complexity and ambiguity as determining factors of today's environment for decision-making and acting, might overburden individuals and organizations. Integrating into global value creation processes and into inter-sectoral stakeholder networks entails remarkable challenges at various levels. At the same time, these trends hold manifold opportunities for innovative approaches, encompassing the requirement of rethinking what constitutes "good leadership" in today's world.

The transcultural leadership approach takes these real-world trends as the starting point for its reflections and calls for a positive perspective towards their potential consequences. By focusing on cooperation and on cooperation-related competencies, transcultural leaders are able to engage in mutually beneficial interactions across cultural borders. Cultural diversity is thereby considered as being complex and constantly changing, with national culture representing only one of many dimensions that flank human interaction, alongside determinants such as diverse regional cultures, professional cultures, generational cultures, and many more.

It is in the context of these considerations that the Transcultural Leadership Summit is hosted annually at Zeppelin University in Friedrichshafen, Germany. The summit aims to provide a platform for exchange and transcultural learning on questions of leadership and global cooperation. In November 2018, the event focused on transcultural leadership in and with Brazil and brought together Brazilian and German experts from business, politics and civil society to engage in debate with practitioners, academics and students from all over the world.

This book presents some of the major issues discussed at that conference and addresses Brazil as a high-potential country for transcultural cooperation. As the fifth biggest nation in the world, Brazil not only possesses an abundance of natural resources, but it is also characterized by a rich and multi-faceted culture and a dynamic society and economy. Ana-

lysing the diversity and the opportunities for transcultural approaches within Brazil offers fascinating and instructive insights into the country itself, as well as into its role as a significant player in the globalized world.

Its long history of cooperation with other countries means that Brazil serves as a bridge to the South American sub-continent, to businesses and other organizations from all over the globe. In the context of the political, societal and economic challenges and opportunities the country has been facing recently, many questions on Brazil's further development are not only attracting the attention of political and economic decision makers but will also influence the future of doing business in South America.

A closer look at Brazilian perspectives and best practices therefore deserves our attention and provides promising insights, not least in terms of leadership. The selection of articles in this book covers issues such as exploring how responsible leadership and urban development are practised in Brazil, sharing how innovation management is realized in the Brazilian context, sharing personal perspectives on Brazil as well as reflecting on the implications for university education and business practice. In this way, this volume aims to present different views on transcultural leadership and cooperation in and with Brazil, and to offer success stories to learn about Brazil's role and potential in the context of globalization and global value creation.

Our thanks go to our supporters and colleagues who have helped us in the publication of this book. In particular we would like to thank Jessica Geraldo Schwengber and Nils Geib for their great support in the editing process. Most importantly, we must thank all the organizers, collaborators and speakers at the Transcultural Leadership Summit 2018, who helped us put the "Brazilian Perspectives on Transcultural Leadership" on our agenda, especially to those who later contributed chapters to this book.

Friedrichshafen, April 2020

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Julika Baumann Montecinos

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Henrique Drumond is an entrepreneur, co-founder and CEO of Insolar – a social business dedicated to the promotion and democratization of solar energy in Brazil. Throughout his career, he accumulated experience in both the private and the third sectors. Through his company, he combines the best tools from each sector in order to scale up positive impact.

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Dr Martin Teigeler, Executive Vice President Engineering at Rolls-Royce Power Systems is responsible for all global engineering activities of the Business Unit. He previously held the position of R&D Director Global Chassis for Daimler Buses in Brazil, as well as various other executive roles at Daimler AG. He has a degree in Mechanical Engineering, Combustion Engines, from the University of Kaiserslautern and was part of the Research Group Commercial Vehicles at Daimler-Benz AG and the Daimler Talent Program Exchange Group.

Prof Dr Josef Wieland is Professor at the Chair of Institutional Economics, Organizational Governance, Integrity Management & Transcultural Leadership, and Director of the Leadership Excellence Institute Zeppelin (LEIZ) at Zeppelin University, Germany. Furthermore, he is Vice-President (Research) of Zeppelin University. Josef Wieland developed the theory of Relational Economics, and he is the founder and academic director of the “Transcultural Caravan”.

Part I

**Transcultural Leadership
and Business Management**

Transculturalism and Innovation in Global Business Networks

A Relational Approach

Josef Wieland

1. Innovations in network configurations

In this paper, I will discuss the challenges for innovation management in global value creation networks, which are constitutively characterised by cultural and, in some cases, intersectoral diversity. The success-critical role of culturally shaped ideals (shaped by belonging to a specific nation, firm, profession or other community) as drivers of private and public value creation in and through global business and stakeholders from different societal sectors (intersectoral networks) is one of the most fundamental principles of Transcultural Management. By definition, transcultural transactions are not discrete, dyadic Exchange Transactions. Rather, they are relational transactions, which are defined by the fact that they are attractors for polycontextual (actors from various areas of society), polycontextual (with various decision logics) and polylingual (with various language games) events (cf. fundamentally Wieland 2018).

Values and other cultural events (and these are not limited to moral values) are parameters for the cooperation of individual and collective societal actors, who define the quality of the nodes (organisations) and the threads of a social network, which is to say, the relations between the nodes in said network (cf. Håkansson & Ford 2002). In other words, they are resources of the network for the respective organisations and, as such, also resources for the process of cooperation between these organisations. They are the copulas in and between the nodes (organisations) in such networks (firms, governments, civil societies etc), and relationalise

the various actors for the purposes of successfully completing the jointly desired transactions. This is the fundamental perspective of Relational Economic Theory (cf. Wieland 2018) on transcultural, that means relational transactions, and this will shape the remaining part of the analysis presented here. Organisational resources and capabilities, and their relations in networks, each have their own contextual content – financial, cultural or technical resources, the actors’ expertise, a certain way of understanding processes and events – which lend both of them a certain ‘heaviness’.

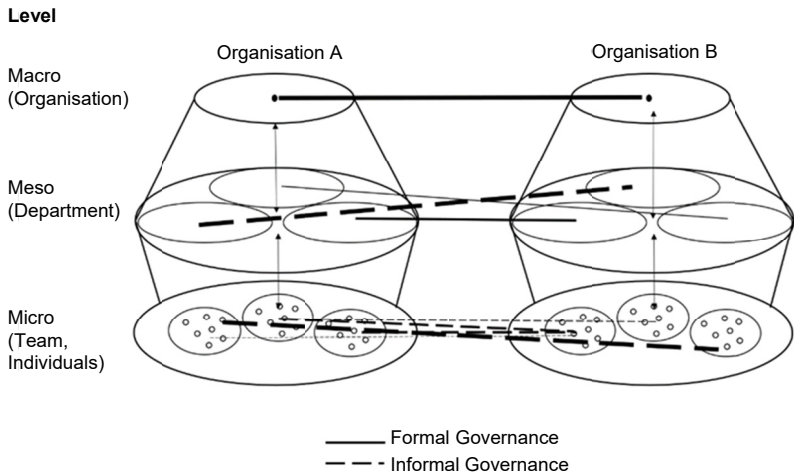
“This heaviness is the result of complex interactions, adaptations and investments within and between the companies over time. It is not a world of individual and isolated transactions between companies. Instead, each node or business unit, with its unique technical and human resources, is bound together with many others in a variety of different ways through its relationships.” (cf. Wieland 2018: 133)

That being said, interactions in networks are not only shaped by organisations and their interconnections, but, in addition to the institutional setting, also and especially by interactions between the various departments within these organisations and between the individual actors working in teams. Accordingly, the relations between networks proposed here draw a distinction between the macro- (organisations), meso- (departments) and micro-level (teams, individuals), which represent different governance regimes with different adaptive abilities to steer their transactions¹. At the macro-level, what we are talking about are, for example, firms as discrete, autonomous organisational units, as collective actors, which form and manage their relationalisation with regard to the network partners (threads) using formal contracts, concerning the resources invested and the corresponding expected returns. Nevertheless, corporate traditions and cultures, as informal events affecting formal contracts, also come into play in this context. Collaboration between the senior managements as representatives of their respective organisations, or the management of research departments, takes place at the meso-level, where procedures, leadership philosophies and personal relationships are what matter most. Direct work on the desired transactions, which is done by

¹ For an institutionalist perspective cf. Dopfer et al. 2004, for a social innovation perspective cf. van Wijk et al. 2019.

individual actors at the micro-level, can be significantly influenced by their specific knowhow and values. These parameters, only mentioned as examples, determine the ‘heaviness’ of the vertical and horizontal threads between the collective and individual actors in a team. Figure 1 reflects this network of relations (threads) for the simple configuration of merely two organisations (nodes).

Figure 1: Model of network relations



Source: Graphic based on Bosman & Rotmans, 2016; Geels, 2002.

Consequently, precisely the characteristics of the connections between actors at various levels within the network are what, in our example of collaborative innovation (which will be explained in more detail later), determine the quality of the resultant mutual dependency, mutual access to one another’s respective transaction-specific knowledge resources, as well as the integrity and the level of trust between the actors. In this regard, the network actors’ past and present experiences with one another, as well as their learning processes, are just as important as their expectations regarding the future of the collaboration (cf. Håkansson & Ford 2002: 134). In this context, Håkansson and Ford go on to claim (ibid.: 1), there are three network paradoxes to bear in mind.

- Firstly: The more strongly the network of legally independent organisations is integrated, the less freedom the actors have to change their interactions. The integration of the network is a gradual but fundamental process of transformation from discrete and dyadic exchange transactions to relational transactions.
- Secondly: Since every network partner always pursues his or her own strategy, each partner's role simultaneously consists in seeking to influence the other, and in being influenced by others.
- Thirdly: The more successful attempts to regulate and therefore control a network's dynamic are, whether via contracts, monitoring, or harmonising cultural values, the less effective and innovative the network becomes (cf. *ibid.*: 134 ff.).

These paradoxes have a number of consequences for innovation management in transcultural networks. Unlike in intercultural management, the homogenisation of values is not the goal of transcultural competence training (cf. Wieland & Baumann Montecinos 2019). Instead, the objective is to relationalise different values in a way that allows them to interact with as little friction as possible. For our purposes, this is chiefly due to the fact that, on the one hand, the cultural, principally infinite and uncontrollable diversity of the network offers access to new ideas, new expertise and potentially more rapid innovations; but on the other, the frictions produced by diversity (such as language barriers and misunderstandings) tend to limit both the adaptive efficiency of the network's governance structure towards these frictions, and the incentives for the partners to maintain integrity.

Consequently, in a first attempt to define it, the problem is as follows: in productive global networks, innovation is influenced at the macro-, meso- and micro-levels by the actors' shared and differing interests and values (cf. Vosskamp 1999; Manniche & Testa 2018). As a result, they can only achieve the desired level of innovative superiority (above market average) if they possess adaptive governance structures that allow the friction-creating diversity to be productively put to use, and which simultaneously permit a process that fosters the generation of new commonalities among the actors,² organisational and individual alike. This new common ground can manifest, for example, in unlocking complementary

² For the theoretical concept of transcultural competencies cf. Wieland & Baumann Montecinos 2019.

knowledge and other skills that offer a different and higher potential for innovation than any of the individual skills on their own. This is a process that takes place in all three dimensions of time (past, present and future) and is characterised by paradoxes. The three paradoxes mentioned above lead to the conclusion that finding a balance between difference and commonalities at all three levels of the network is only possible temporarily and in connection with specific transactions (projects, strategies); further, this balance is constantly at risk of being threatened when one side or the other – difference or commonality – becomes eventually dominant. In either case, this is accompanied by a decline or even total loss of value-creating productivity, and ultimately by the actors pulling out and the collapse of the network. Transcultural management (cf. Wieland 2016; Wieland & Baumann Montecinos 2019) offers one way of increasing the adaptivity of network governance, by systematically using culture as a driver for successful collaboration. Culture itself is the unity of difference and commonality. As a result, values can be shared by various actors at different levels in the network at a highly abstract level, whereas, in terms of their concrete meanings and practical consequences, said values not only permit various interpretations but also generate them. This is not only true for values (performance values, cooperation values, communication values and moral values), but also for traditions, languages, symbols and so on. In response, transcultural management must create processes and forms of expression (cf. Wieland & Baumann Montecinos 2018: 28), which are themselves innovative acts based on organisational and individual skills. Accordingly, in the transcultural context, technical innovations and management innovations are coevolutionary.

2. *Different forms and the impact of cultural difference*

Innovative acts are events in global networks, which can have a variety of different natures. In the following, they will be briefly outlined and discussed; we'll begin with the different forms (cf. Fritsch & Görg 2013).

1. **Global Intra-Firm Innovations:** These are innovations that take place within the legal form of a firm or international concern. Multinational and transnational enterprises are primary examples, just as SMEs with international production sites, sales centres or subsidiaries are.

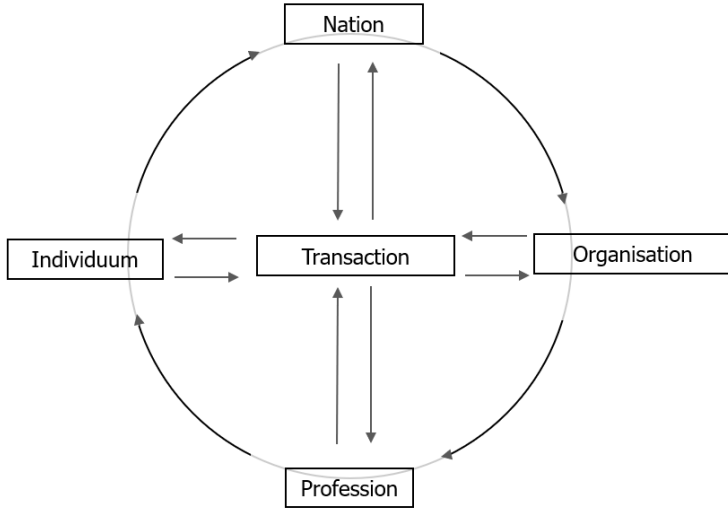
2. **Global Inter-Firm Innovations:** These are innovations that are organised in connection with joint ventures, strategic alliances or corporate networks, and which are based on long-term and relational contracting.
3. **Global Social Innovations:** These are product- or process-related innovations that are driven by explicit societal expectations and normative (societal) standards. The Sustainable Development Goals (SDGs) declared by the UN are a paradigmatic example (cf. van Wijk et al. 2019). Being the result of Multi-Stakeholder Dialogues (MSDs), they can employ Multi-Stakeholder Partnerships (MSPs) combining firms, universities, NGOs and/or the civil society for the purposes of their innovative implementation (cf. Holmström Lind et al. 2018).

This range of forms can be further differentiated in terms of outsourcing, international insourcing, and offshoring innovation (cf. Massini & Miozzo 2010). The first, outsourcing, involves the classic ‘make or buy’ decision for specific domestic R&D projects (domestic outsourcing), which are based on long-term contracting and, consequently, on continual interactions between formally autonomous firms, also as parts of networks. International insourcing refers to the intra-firm transfer of R&D activities abroad, whereas offshoring refers to an intra- or inter-firm relation involving the transfer (outsourcing) of the R&D function abroad, especially to emerging economies. There are a host of different motivations for choosing any of the three forms, ranging from pure cost considerations (R&D wage differentials) and access to superior knowledge resources (knowledge structures, leading universities) and talent pools (science and engineering), to a intention to invest in future markets for which the desired innovations are fundamental (cf. Massini & Miozzo 2010; Fritsch & Görg 2013). In addition, estimates concerning the relational costs of political risks emanating from potential human rights violations, or concerning how to protect privacy, inform decisions on whether or not to use offshoring for innovation processes. After all, the priorities include protecting intellectual property rights and distributing the resulting benefits.

In all three variants, cultural parameters are both fundamental and success-critical. For outsourcing, the focus is on questions concerning the corporate or sector culture; for international insourcing and for offshoring, challenges stemming from national cultures, professional ethics and individual values can be significant. Accordingly, when we model inno-

vation as a transaction in global value creation chains, we arrive at the following potential relations:

Figure 2: Cultural determinants of global innovation



Source: Own representation based on Wieland 2018: 177.

If we assume that the desired transaction ‘t’ involves the fair and trust-based sharing of knowledge and other resources, then the parameters nation, organisation, profession and individual will have specific cultural impacts on the transaction at all three levels (macro-, meso- and micro-) of the network, each of the impacts represents a specific form of the unity of difference and commonality.

National cultures are unavoidably defined by differences that are simultaneously based on identity and the differentiation between those who belong and those who do not. This is equally true for organisations (firms, civil society groups, NGOs) or professions (engineers, scientists, occupational groups) that can use a specific shared culture to underscore both internal commonalities, and differences between those inside and outside the group. However, these sweeping statements must be qualified and contextualised.

First of all, the heterogeneity of the cultural actors applies to all four cultural determinants mentioned above. These actors consist of multiple subgroups and individuals who use their identity-forming sense of belonging to process difference, whether in the form of clearly defined, alternative or opposing subcultures, or in that of individual idiosyncrasies. The fact that a given person is German or Chinese tells us very little about how he or she can be expected to behave in connection with a given transaction (cf. Wieland & Baumann Montecinos 2019: 13; Baumann Montecinos 2019: 74; Swidler 1986: 273).

In addition, we must bear in mind the fact that networks are, by definition, inside out / outside in relations; this is reflected in the three previously mentioned paradoxes of mutual relations. In this type of interaction, differences are an inevitable characteristic of all actors involved in network interactions (inside out), while at the same time, a shared sense of belonging to a network is urgently needed for all actors (outside in) if the goal is for the desired transaction to be mutually advantageous for everyone involved.

Lastly, cultural factors' indeterminate direction of impact must be kept in mind. Confucian views on integrity as a source of orientation for leadership hierarchies, for example, can be disadvantageous for the proper functioning of a speak-up culture or for the agility within a team, and can offer a breeding ground for corruption (for this discussion cf. Wang 2014), while they can also be advantageous as a point of departure for establishing a global culture of integrity in the network.

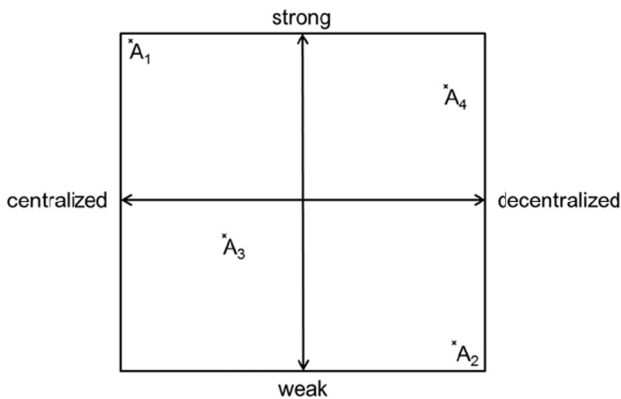
That being said, the effects of the parameters discussed here are dramatically modified by the character of global transactions. When a transaction in an intra-firm or inter-firm network is intended to produce an incremental innovation, then the course of continuous improvement necessarily leads to a closed innovation culture. A relatively stable group of actors in intra-firm R&D departments or combined intra-firm actors in R&D departments across locations, will form and become the ambassadors of this culture. Conversely, if we are dealing with societal innovations or disruptive innovations that involve the search for new business models – regardless of whether or not they were induced by societal discourses – an open innovation culture (cf. Felin & Zenger 2014; Chiaroni et al. 2010) will be formed, because the inclusion of new, formerly unknown stakeholders with unknown values of knowledge and a host of interests and behavioural patterns is unavoidable.

Closed and open innovation cultures in intra-, inter- and extra-firm (e.g. social innovation in stakeholder networks) networks are important parameters that not only enable the heterogeneity of cooperation projects, their inside out / outside in relations, and the indeterminate direction of impact for cultural diversity, but also determine their influence.

3. *Managing transcultural diversity*

The management of transactions in a network of cultural diversity – and global innovations belong in this category – always begins with a strategic decision regarding the goals in dealing with cultural diversity. Between the poles of the purely closed innovation culture (A1) and the purely open innovation culture (A2), the goal is to define the cost-optimal position (in terms of transaction costs, cooperation costs and relational costs; for this distinction cf. Wieland 2018: Chapter 10) that yields the highest productivity for global cooperative innovations. If we generally categorise cultures using the criteria strong/weak and centralised/decentralised (cf. Wieland 2016) and use a German-Chinese joint venture (50:50) as an example, the following aspects, illustrated in Figure 3, emerge.

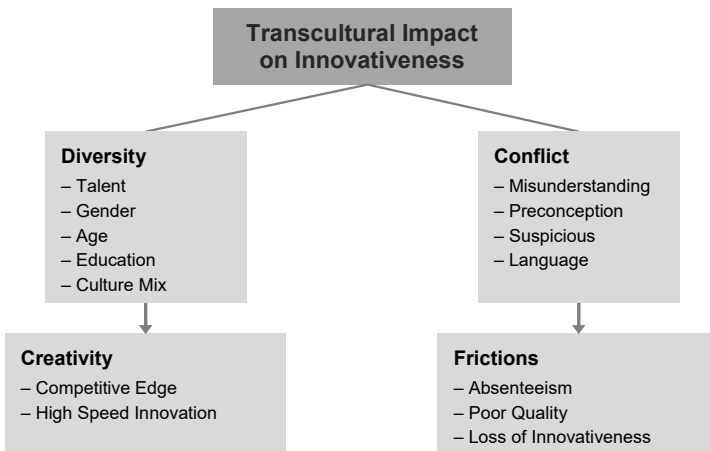
Figure 3: *Distribution of closed and open innovation cultures*



A_1 = closed innovation culture; A_2 = open innovation culture

If we assume that both partners traditionally possess a strong and centralised corporate culture, and wish to preserve said culture, then the scenario is that of two closed innovation cultures (A1) that cannot cooperate at all or can at best only do so with serious frictions. Consequently, the developmental path to a mutually or jointly desired open innovation culture (A2) would need to produce governance structures and activate programmes that pursue decentralisation and foster a state of equality between multiple cultures. A3 and A4 show possible combinations that can be used to produce this type of process-capable cultural equilibrium. In this regard, governance structures and programmes must weigh the advantages of cultural diversity against potential conflicts. The first group of advantages includes enhanced innovativeness and higher cooperation rents, thanks to a larger talent pool of specific knowledge and training, as well as a diverse mix of genders and ages. The potential conflicts include the higher likelihood of misunderstandings, misinterpretations and lack of language skills. Accordingly, while successful diversity can provide a competitive edge via accelerated innovation (High-speed Innovation), when it goes wrong the result can be culturally triggered conflicts, absenteeism, poor performance quality, and therefore a loss of innovativeness. Figure 4 helps to illustrate these mechanisms.

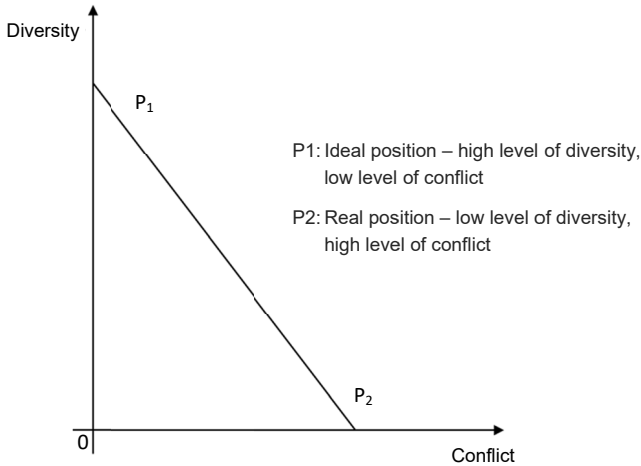
Figure 4: Transcultural impact on innovativeness



Source: Own representation.

There is no diversity without frictions, and an increase in cultural diversity leads to a corresponding increase – both in these frictions, and in the resulting transaction, cooperation and relational costs involved in coping with them. Figure 5 shows the potential relations between the ideal and real cultural diversity in a global value creation network.

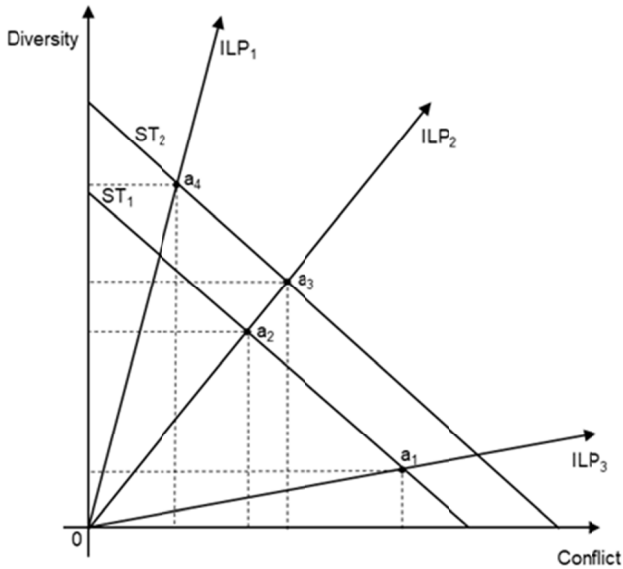
Figure 5: Diversity – ideal and real position



Source: Own representation.

The ideal and therefore desired position combines a high level of diversity with a low level of frictions. Point P_1 , the ideal position, maximises the earnings from diversity, at which the costs resulting from frictions can never be zero. The real position, P_2 , presumed here, and unfortunately encountered all too often in practice, combines a low level of earnings from diversity with a high level of costs from the resulting frictions, and must, therefore, be considered Pareto inferior. Remedying this state of affairs is the goal of Transcultural Diversity Management based on an innovation learning process (ILP). Figure 6 formally illustrates this relation.

Figure 6: Transcultural learning strategy & innovation



ILP: Innovation Learning Process

St₁: Outsourcing

St₂: Offshoring

a₁: low level of diversity, high level of conflict

a₂: medium level of diversity, low level of conflict

a₃: medium level of diversity, medium level of conflict

a₄: high level of diversity, low level of conflict

Source: Own representation.

Point a₁ marks an initial state characterised by a low level of productive and innovation-fostering diversity and a high level of potential conflict due to frictions. Point a₂ also marks an initial state, this time with a medium level of productivity from diversity and a (compared to a₁) lower level of friction. Both points are the results of a global outsourcing strategy (ST₁) that is incapable of delivering any further improvement. In the example selected here, improvement is made possible by an offshoring strategy (ST₂) that is initiated and accompanied by an innovation learning process (ILP_{1,3}). In this regard, only strategy ILP₁ achieves both a high level of earnings from diversity and low level of costs.

This is apparently only possible when the learning process is transcultural in nature, which is to say, is one that focuses on minimising frictions (intercultural management), as well as identifying new commonalities among the individual and collective actors involved (transcultural management) (on this research programme cf. Wieland & Baumann Montecinos 2019). I will discuss this in more detail in the following section.

4. Innovation management: developing Communities of Transcultural Practice

The core of the transcultural paradigm consists in switching from a focus on value identities (stemming from nations, organisations, professions) and the connected challenge of minimising frictions, to a focus on the requirements of specific commonalities for cooperative relational transactions. Parts of these requirements are the particular and temporary communities of actors, which are what makes it possible to identify existing and foster the development of new cultural commonalities in a learning process to begin with. Initially, these commonalities in emerging communities only refer to the experiential and interactive context of a specific transaction; accordingly, the sense of belonging that they produce is necessarily fragmented and temporary. How stable such phenomena can be over time, that is, how diversity can or is transformed into a shared identity, is not the subject of this paper, which addresses the productive relationalisation of cultural diversity using the example of innovation management. That being said, the coevolutionary emergence of ‘community – sense of belonging – commonality’ is simultaneously the goal of and prerequisite for every transcultural learning strategy. To use a slightly modified form of the term “Community of Practice” (COP) coined by Wenger, McDermott and Snyder (2002), the respective strategy’s objective is to create “Communities of Transcultural Practice” (for the role of COPs in leadership development programmes cf. Smith et. al. 2019).

“Communities of practice are groups of people who share a concern, a set of problems, or a passion about a topic, and who deepen their knowledge and expertise in this area by interacting on an ongoing basis.” (ibid.: 4)

By honing their expertise through their (initially self-serving) cooperation for a certain transaction, they only form a community in connection with said transaction, one that has a shared concern or goal, and which in turn discovers and develops new commonalities, which are perceived and approved as social capital by all participants (for the aspect of social capital cf. Lesser & Prusak 1999; for its role in the global context cf. Urzelai & Puig 2019). In their book, Wenger, McDermott and Snyder (2002) develop a process for forming and developing Communities of Practice that follows seven imperatives.

1. Create a design for evolution.

This initially involves an organisational or governance structure that is suitable for the transaction, and which serves to mobilise all of the actors' available, specific resources. This structure must foster joint learning as a process of sharing knowledge within the innovation development process (cf. Lundy et al. 2005).

2. Open a dialogue between inside and outside perspectives.

This involves the previously mentioned venues for the relationalisation of intra-, inter- and extra-firm resources, which, in addition to teams of researchers and engineers, also include Multi-Stakeholder Dialogues, Multi-Stakeholder Partnerships, Social Innovation Teams, and so on.

3. Invite different levels of participation.

Here the goal is to differentiate between a core group in the innovation team; active supporters from the participating organisations and departments; and lastly, peripheral observers. This third category can include e.g. groups from civil society that are invited to join in discourses on the challenges posed by and potential benefits of the transaction.

4. Develop both public and private community spaces.

These include working groups and project teams, as well as shared events, discourses, and communication via social media.

5. Focus on value.

Developing the willingness and ability to share knowledge implies that all stakeholders involved can expect to see a return on the resources they have invested. Accordingly, the resulting sense of mutual de-

pendency must be accompanied by mutual advantages and shared value creation.

6. Combine familiarity and excitement.

Adhering to certain rules, routines and procedures during in-house R&D work should be complemented by, for example, inviting external researchers to join the team, visiting other benchmark industries, or attending high-calibre congresses and conferences.

7. Create a rhythm for the community.

Every normal course of life and every community has its own rhythm, which consists of certain sequences, regular meetings on specialised or general-interest topics, and so on.

In the context of innovations, Ji et al. (2017) characterise COPs as a “low cost platform of knowledge” and as “professional informal cooperation and communication networks. (...) They can also be called professional communities, as COP members tend to have a similar background and share professional experiences, skills, information, knowledge and opinions” (ibid.: 205).

In the course of the discussion presented here, I have attempted to demonstrate that these optimistic assumptions depend to a significant extent on managing the ratio of diversity to conflict and are entirely inaccurate when it comes to extra-firm collaborations.

The imperatives put forward by Wenger, McDermott and Snyder, which I have illustrated and discussed here with regard to innovation management in value creation networks, can be generally applied to all transcultural learning processes.

Communities of Practice (COPs) provide a relational transaction and the process of innovation through knowledge sharing as a case for increasing performance with a space, a structure and a rhythm.³ The interactions between culturally diverse actors take place within this space, structure and rhythm; in this regard, the difference between belonging / not belonging to the Community of Practice manifests and is gradually differentiated in various forms of participation; further, it can be devel-

³ For the various aspects of space, structure and rhythm cf. Venkatraman & Venkatraman 2018; Pattinson et al. 2016; Kirkman et al. 2013; Retna & Ng 2011; Lesser & Storck 2001.

oped through shared activities, the jointly accepted rules in this context, and the jointly accepted exceptions to those rules. In this regard, successful communication and dialogue are indispensable. These activities are made possible by the individual commitments and investments of all actors, for whom there must be both an individual and shared return on investment. Only then can the resultant state of mutual dependency be transformed into a concrete, mutual advantage. All of these aspects foster the creation of a transaction-specific community, a corresponding sense of belonging, and with it, the discovery of current and development of new cultural commonalities, which increase the potential and actual earnings from cultural diversity and reduce the costs unavoidably produced by cooperation frictions.

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Responsible Leadership in Brazil

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During the 2018 event “Transcultural Leadership Summit”, a three-hour workshop was dedicated to a discussion on Ethics and Corporate Responsibility, focusing on responsible leaders. The session was divided into two parts: One presented successful stories of small companies, and the other described the role of ethics and culture in large Brazilian corporations. The structure of the session had been designed together with the students, which helped their involvement and participation.

The objective of this chapter is to offer highlights of this session, the material presented and discussed, aiming at the importance of Responsible Leadership in Brazil. In the first part, the objective was to allow the students to have contact with the Brazilian reality of small companies: to understand the context, background, and culture of business in Brazil. What does the market require? What should be done in often complex scenarios? An excess of laws and an “informal” way of doing business, the *jeitinho brasileiro*, have weakened the concept of citizenship. Business leaders pretend to follow the law, while citizens take advantage of this behaviour, turning a blind eye when there is any personal gain.

1. Conceptual considerations

Before going into the practical discussion of the workshop, a few comments on some concepts discussed for years may be useful.

“Leadership is a particular type of relationship, the hallmarks of which are power and/or influence, obligation, and responsibility” (Ciulla 2003: xi).

Ethics and responsibility are issues facing everyone; therefore, they are issues related to business leaders as well. Leaders are expected to be as responsible as all other professionals in their respective fields. Society hopes that business leaders know when responsibility should take priority over the company's effectiveness, profits or reputation.

According to Carlos Llano Cifuentes (2004), the corporation is responsible because it improves the products and services provided, makes efforts to expand its employees' highest qualities, satisfies not only wishes, but effective needs of those whom it serves, and inspires good will and trust from society. Thus, business leaders have expanded their responsibilities to cover societal issues, including social concerns, as part of corporate goals (Crane, Matten & Spence 2008). Then, strategic plans define what has to be done, where and when to operate and managerial aspects of the action taken to comply with this responsibility. Continuous assessment aims to make the process sustainable, and the assurance of a culture or conduct expected of the entire organization.

Domènec Melé (2007) states that a corporation is an intermediary institution between the person and global society, together with many other intermediary institutions such as family, culture, religion, sports, charity, city associations etc., all of which mediate to cooperate in the creation of interpersonal and social bonds. Broadening the spectrum of themes, terms and concepts, the global corporate social responsibilities perspective covers impacts, challenges, analysis, criticism, consequences of important topics of real life, sustainability, international economy and regimes, corruption, poverty and violence, among others (Hooker & Madsen 2004; Arruda & Enderle 2004). Interestingly, in 1972, Walter Schulz already seemed to foresee this development, when he defined responsibility as "self-commitment out of freedom in worldly relationships" (ibid.: 631-632). He wisely included three components: subject (who is responsible?); content (for what one is responsible?); and addressees (towards whom is one responsible?).

In this chapter, responsible leadership will be considered in a wide range of meanings, consequences and impacts, reflecting Brazilian perspectives, feelings and reasoning on Transcultural Leadership.

Part 1

2. Brazilian mini cases for discussion

In order to better describe the business culture, common throughout the nation, three short cases were presented and discussed in groups: Fabio Pereira, José Pedro and Bateau Mouche.

2.1 Case 1: The Fabio Pereira case

“I always thought the beginning would not be easy, but I could never imagine the extent to which things would become complicated”. With this in mind, Fabio Pereira came home on a Friday in March 2017. The previous night, he had analysed the problem with Daniela, his wife, and both had agreed that the situation required a decision. Fabio knew that Daniela would accept any decision he made, but it would be risky to leave his wife with no job security or salary. In any case, he would have to make a decision during the weekend that had just started.

Looking for the first job

Fabio Pereira graduated with honours from a Business School in July 2016. He soon started to look for a job. He first thought of focusing in São Paulo, where he studied and where his family lived. After three months of difficult visits to all kinds of companies, someone recommended that he tried a smaller town, where competition would not be so strong, as many people prefer to work in large cities. When choosing a town, he thought of some in Southern Brazil, with a mild climate and, above all, with an expanding manufacturing sector. He noticed the importance of choosing the first job well. For this reason, there was no hurry to find it. It was crucial to analyse all the opportunities, well avoiding disappointment in the first offer that emerged. In order to choose a company, his basic criteria were the possibility of promotion, a learning process to help him start his professional career, the salary (actual and future) and a good working environment. From the outset, he had rejected the idea of working on his own as a consultant, as this required a minimum of experience and contacts.

After some difficult interviews, he went to a town in the South, to visit a Secretary of Finance who had been his classmate in some courses in college. His colleague informed him of a possible job in a real estate firm that was increasing and urgently needed an administrator.

First contacts

The following morning, Fabio received a phone call from Jorge Oliveira, a known local business leader operating in several sectors, one of which was real estate. They arranged an interview for the same morning. Arriving at Dr Oliveira's office, Fabio found it to be impressively luxurious. He thought: "Obviously this is a company that is expanding." Jorge received Fabio and they had a brief interview. He did not go too deeply into the business of the company, or the content of the eventual work to be developed. Jorge offered incorporation in one of his firms, named INCOSUL. He offered a 6-month contract, renewable for 6 months, with the likelihood of a permanent contract within one year. The only condition was that he should start to work in two weeks and accept the offer within one week. The salary was higher than Fabio expected for his first job and the possibility of promotion was significant. On his first day, Fabio communicated the good news to Daniela, his fiancée. She was very happy and supported his intention of accepting the job. They would then be able to get married soon. Of course, Fabio tried to gather all the information about INCOSUL in the short period of one week.

INCOSUL

INCOSUL was a society founded by Jorge Oliveira in 2007. It was created to promote real estate at the beach, developing seven residential urbanizations in less than four years. He had made over US\$ 15 million the year before. He had recently diversified his activities, entering the business of urban construction. He had obtained several substantial public works in the city area. All Jorge's business interests were said to be honest. So far, there was nothing against him. On the other hand, Jorge was well known in town and participated in important events. At the end of the week, Fabio felt that he did not have enough information about the company and about the work he would be responsible for. Nevertheless, he urgently needed a job so that he could get married in August as he had planned.

On Monday, he accepted the offer and on the same day he signed the contract with INCOSUL.

In the beginning

Fabio started to work. He soon became aware of the company's financial situation and of the ongoing construction projects. After revising the plans and the building permits, he noticed that the authorizations had been given before the plans. This was not logical, as it is necessary to present the plans in order to receive planning permission. He asked Dr Jorge about this procedure and got the answer that it was normal: "You already know ... this is just how the bureaucracy works". The first weeks of work went by very quickly. Fabio worked from 8am to 9pm. He thought of buying a car so that he could travel to São Paulo and visit at the weekends. Dr Jorge heard about it and allowed him to have a company car for his personal use. Fabio's largest concern was with the preparations for his wedding. For this reason, he did not pay too much attention to some strange details in getting permits, as well as to Dr Jorge's relationship with the city authorities.

Finally, in August, Fabio got married to Daniela in a church in São Paulo. In order to pay the high costs of the event and the traditional honeymoon (Cancun), he got into considerable debt. Dr Jorge, in a new sign of friendship, told Fabio that the company would pay any expenses related to his wedding. Dr Jorge was introducing the new couple to other members of the local society. In this sense, Fabio only had reason to be grateful to Dr Jorge. Despite all the kindness, Fabio was not comfortable about the administrative situation in the company. After having worked for seven months, Fabio decided to study the reasons and the administrative anomalies and to verify a possible connection with the spectacular growth of the real estate firm in the last few years. He asked Adriana, Dr Jorge's assistant, whether she had any idea about the date issues. Adriana mentioned Dr Jorge's close relationship to several city authorities. She added, "May I suggest something? In order to have a good future in this company, it is necessary to work hard and not to ask questions to which it is not interesting to know the answers." Thinking of these words, Fabio decided to discuss the topic directly with Dr Jorge and asked to speak to him.

Interview with Jorge Oliveira

They agreed to have lunch together the following week. Fabio spoke directly about the topic, asking about the administrative irregularities in the granting of planning permission. He also brought up the topic of public procurement in the city. Dr Jorge smiled and answered with absolute normality about the standard procedures practice. “Every man has his price and I assure you that, in City Hall, it is not excessively high. For example, the parking lot that you are financially managing cost me US\$ 15 thousand. It is an investment, do you understand? This is normal, in this sector. If I had not done so, I would still be building popular homes and earning almost “nothing.”

Fabio was concerned. That meant that, as an administrator, he was to sign cheques on behalf of the company. If the courts became aware of this, his name would suffer. Anyway, the risk was not so high thanks to Dr Jorge’s good relationship and influence. On the other hand, Fabio did not want to ask anything else about the significance of this investment in workers. They were simple “happy ways” to make administrative transactions agile, or was it simply bribery? Fabio knew that in the construction sector – as in others – certain things happen and, only as an exception, did they become public knowledge. They could be: leaks of some worker to some friends, filtering information of competitors’ offers in public bids; presentation of proposals with decreased value – even below cost value – to later obtain profitable readjustment, relying on the “generosity” of some properly rewarded worker; direct contracts with bribery to workers and politicians with power to make decisions, among other procedures. After reviewing the INCOSUL files, he confirmed that he had not yet had to sign any documents that would certainly mean bribery. At this moment, he was ready to close a project for a parking lot in one of the city squares. In the near future, this could become complex. Fabio was thinking that he could not postpone his decision.

He asked for another interview with Dr Jorge to explain that he did not agree with this way of working. This time, Dr Jorge did not take it lightly, but warned him: “If you want to make money and get ahead, leave your scruples at the office door before you enter. How do you think this sector works? I don’t know anyone working in the way you expect me to.” Fabio was not so sure of this generalization. At this moment, a doubt came into his mind: Would this cause Jorge’s break with the finan-

cial area in the company? The following week, Jorge Oliveira summoned Fabio to his office and commented that he had already understood his intention. To his surprise, Dr Jorge communicated that, within a few months, he would have a pay rise and would be given a permanent contract. They had spoken a different language, it was impossible that Dr Jorge had understood that he did not want more money, or a permanent contract, but did want to work honestly. Without the option of changing his work in the company, Fabio noticed that there were only two options left: to remain at INCOSUL and adapt to the working methods or leave the company and look for something else. Given his intense work schedule, there was no time to look for another position in a different company. If he left the job, his savings would only cover his expenses for the next five or six months so he would need to find a new job.

To complicate the situation, on Friday Fabio went to talk to Dr Jorge and communicated that he was thinking about leaving the company for personal reasons. Dr Jorge did not react well to the news and warned Fabio that if he left the company, he would cause him serious damage, because he would not be able to replace him so easily. Besides, he had invested in Fabio's training. As a threat, he insinuated the difficulty that Fabio would have to find a new job in the city, as Dr Jorge was a very well-connected person and could blacken his name. Again, he offered a higher salary and a permanent contract. He said good-bye, suggesting that Fabio dedicate the weekend to reflecting on his situation. He would wait for him at his office to sign the contract on Monday.

Other considerations

Daniela was well connected in the city. She already had new friends. Nevertheless, she mentioned to Fabio that, if necessary, she would not mind moving to another city. Fabio also felt very comfortable in the city. Little by little, he made some interesting contacts that could help him in the future to open a consultancy firm, as was his dream. In any case, given Dr Jorge's opposition, it seemed foolish to try start as an entrepreneur. Fabio analysed everything that had happened, considering Dr Jorge's tempting offers. Actually, he had no reasons to know Dr Jorge's methods of securing contracts: He was a technical clerk and his function was to manage all the projects that Dr Jorge put him in charge of. Objectively thinking, he concluded that he was not legally guilty of anything. More-

over, he would have a good future in the company. He had a happy life and enjoyed his good salary. Nevertheless, he was not satisfied. He was concerned that there was fraud or deceit behind all the construction projects. Even if he tried to ignore them, he knew the reason for the rapid growth of the real estate firm and, effectively, he was facilitating this action. What should Fabio do?

Questions for discussion – Case 1

1. Discuss Fabio's professional, ethical and legal (labour) conditions at the INCOSUL.
2. Identify the pressures he suffers in this situation.
3. Discuss the implications of each decision Fabio Pereira has made so far, and those he will make in the future.

2.2 Case 2: The José Pedro case

José Pedro has just graduated from college in IT, Business and Engineering. His father hired him at the Campos & Filhos (C&F), a medium-sized company owned by his father. This factory produces components for several large defence corporations in Brazil. Recently, C&F created a Division for specialized software, responsible for sales of hardware and software. José Pedro was a good student. His father saw in him good quantitative, entrepreneurship and marketing skills, as well as a warm personality. He could discuss numbers with his engineers, and he could find adequate solutions for his clients. Founded during the Second World War, C&F manufactured parts for military planes. During the Korean War, and mostly in the Vietnam War, C&F became a regular sub-contractor providing specific parts for planes and missiles. When Campos and his oldest son Cristiano founded the company, Cristiano was responsible for sales. As time passed, C&F increased business and grew. Today, the firm employs hundreds of workers and relies on five salespeople. José Pedro is the sixth.

In his first months at the company, José Pedro focused on the defence industry. Eduardo was in charge of his training program. Every time Eduardo went out for lunch with the procurement team, everyone left some money on the table. The final amount was usually significantly

smaller than the restaurant bill, and Eduardo paid the difference. Eduardo required José Pedro to learn how to play tennis because “it is usually on the tennis court that business is done effectively”. Many times, Eduardo paid for the tennis court hire, which was often quite expensive. Eduardo also required José Pedro to read the document on Integrity in Procurement, related to purchases by public departments and acquisitions from the Federal Government. Besides, José Pedro also had to read the Commitment of Integrity in Procurement, that governmental purchasing staff had to sign. While reading these documents, José Pedro noticed that employees in charge of purchasing for the government were not allowed to offer, give, promise, directly or indirectly, any amount in cash, gifts or other valuable items, to any official government purchaser. Similarly, the buyers were not permitted to solicit or obtain, direct or indirectly, from any governmental employee, before the signing of a contract, any classified information related to the purchase in question. Isn’t this related to what we are doing, Eduardo? Yes and no, José Pedro.

On a Monday, after both arrived from a sales trip to Brasilia, Eduardo came into his office and said: José Pedro, you made a mistake when reporting your expenses. You are losing 10% because you forgot to include the tips. Going through the expenses form, José Pedro noticed that Eduardo was right, but there was no specific space for these expenses in the accounting form. Eduardo, where should I include these extra expenses? I can’t see any space on the form. You can simply add this amount to the prices, as I did (showing his report). Looking at that, José Pedro noticed that some of the numbers seemed exaggerated and he suggested: Why don’t we talk about this problem with my father, so that Accounting can add some spaces to the form? Eduardo answered in a professorial manner: Because this is the way we do things here and they don’t like changes to the system. In this company, we have a saying: “Closed eyes see further in business!”

José Pedro did not totally understand the problem but acted in accordance with what Eduardo had told him to do. On another trip, José Pedro learnt the difference between working directly with the Federal Government purchasers and the companies that C&F used as subcontractors. For example, some conversations with the Defence contractors were reported back to C&F and, after that, Eduardo and José Pedro visited certain governmental agencies and passed on the information. In one specific case, both were told to resubmit a bulk offer to a certain governmental worker that would go into the private sector the next year. Besides, both were

used to obtain information about solicitations of proposals from other purchasers, as well as other information about the competition.

José Pedro asked Eduardo about this procedure and got the following answer: José Pedro, in order to have a top performance in this business, you will need to be able to distinguish precisely between when things become legal and illegal. Trust me. I have worked in this field for 15 years and no one has ever raised any doubts about me. Why do you think I have been put in charge of your training? José Pedro started to read more official documents and to ask other sales workers about their opinion of Eduardo. Two answered that Eduardo was a clever guy, and that he knew things from the inside, better than any other person in the company. The other two told a different story. One of them asked: Has he already tried to explain why he increases the value of his accounting reports? But I thought everyone did this! The other sales worker made a comment: Eduardo has been doing business with federal workers and large corporations that work in defence contracts for such a long time that he sometimes forgets that the rules have changed. He is lucky that he hasn't been caught yet. Watch your step, José Pedro, or you will end with dirty hands and no place to wash them.

At the end of another trip to Brasilia, Eduardo went to José Pedro's office: José Pedro, your numbers don't add up. Didn't I tell you to add at least 10% of the totals, to include tips and several expenses? Let's stop this. Do you want to be a trainee forever? You know that I will have to approve your training before you can work on your own. I want to be sure that you know how to do things. Between you and me, I think C&F will finally create a Vice-President position that is certainly mine, for my time in the company. Thus, go fast and learn this stuff, because you will be my last trainee. Now just sign this accounting report with these revised figures. What should José Pedro do?

Questions for discussion

1. Discuss José Pedro's professional, ethical and legal (labour) conditions, at C&F.
2. Identify pressures he suffers in this situation.
3. Discuss the implications of each decision José Pedro has made so far, and those he will make in future.

2.3 Case 3: *The Bateau Mouche disaster*

Abstract

As CEO of the Sol e Mar Group (Sun and Sea), you have been told that one of your best passenger boats has been wrecked. You requested an investigation and found out that the top manager of the Bateau Mouche had ignored a series of warnings that could have prevented the accident. You ask who really was responsible for the accident, and whether or not you should make yourself personally responsible.

The case

The modernization of boats throughout the 20th century reduced the time needed to cross the sea between Rio de Janeiro and Niteroi. The flow of passengers increased, as more job opportunities were in Rio, the Federal capital at the time. Nevertheless, the poor service provided to users was clear: consecutive accidents, strikes and delays to the boats' schedules caused permanent dissatisfaction. This route, like other short tours, was historically complicated. Despite the short distance, the slow path of the boats made some trips unfeasible. Besides, in 1917, had been a wreck that had caused the deaths of many children. Citizens were still traumatised to this day. In 1959, a serious incident known as "The rebellion of the boats" ended with five casualties, more than 100 wounded, a fire in the station, the destruction of boats and the cancellation of the concession of Cantareira Group, responsible for this route for decades. The government took over some operations. This is the background to the Bateau Mouche disaster.

On December 31, 1988, sixty tons of fireworks and eight sound towers with 120 watts located between the Help disco and the Princess Isabel Boulevard welcomed in 1989 on the sands of Copacabana Beach. Ten minutes before midnight a tragedy was about to occur. More than the réveillon, that feast resulted in one of the most moving situations on the carioca coast. One hour and 20 minutes after the pleasure boat Bateau Mouche IV left the pier, in the restaurant Sol e Mar, in Botafogo, it sank entering the Guanabara Bay. Fifty-five people lost their lives. With capacity for just 62 passengers, the boat was overcrowded, with 142 people onboard. It went on with the tour, even after the Harbourmaster attempted

to interrupt the trip. It was listing too much, on a rough sea, with waves up to two meters high. The boat came back to the pier, but left again quickly, at 10:30 p.m. The Bateau Mouche sank about 1 km from Praia Vermelha (Red Beach), where the sea was 22 meters deep. Some fishermen from Jurujuba, Niteroi, working on a trawler, were the first to notice that the boat was going to sink. They were able to rescue at least 30 people from the sea. The investigation after the tragedy found many claims for negligence:

- Against the owners of the Sol e Mar, also owners of the boat;
- Against Itatiaia Tourism, organizer of the tour;
- Against the Harbourmaster, for allowing the trip to go on;
- Against the Government of the Rio de Janeiro State, for the lack of inspection and control; and even
- Against the passengers who were competing for space on one side of the boat to see the fireworks in Copacabana, causing the boat to list.

After listening carefully to all the facts of the case, you make your considerations. Who was effectively to blame for the accident? What would you say to the public?

Questions for discussion – Case 3

1. In a large company, who has responsibility for problems that are the result of bad or negligent managerial decisions?
2. When a disaster occurs, how much information does the public have the right to know?
3. How should a company act to gain public forgiveness for in the aftermath of such disaster?

The three short cases demonstrate aspects of the Brazilian business culture. They indicate how autonomy, together with resources, cause officers to change their attitudes towards the law, in return for personal gain. Even today, business leaders seem to influence Government and society very deeply.

Looking for effective solutions, the three Questions for Discussion raised a new one: How does an ethical company survive?

Part 2

3. Successful large corporations and their responsible leaders

The second part of the workshop focused on Ethics and Culture. A short case described the success of Braskem, a large Brazilian multinational company that produces oil and chemical products, looking at the background and dilemmas of Mr Musa's decision-making processes. The objective of this exercise was to notice what one can learn from responsible leaders.

3.1 Case 4: Braskem

This large corporation had a long history of ethical behaviour and good economic results. When a few top managers became involved in corruption, the company's reputation became severely damaged. Some Board members, committed to ethics and responsibility, decided to hire a young director with good experience of ethics and compliance, and start the correction needed. An entire program was developed, and the organization is now regaining its good image in all plants throughout the world. Braskem is a São Paulo-based company owned by two very large Brazilian corporations: Odebrecht, a civil engineering company, and Petrobras, a state-owned oil company. The "client is king" was the marketing strategy used to satisfy the Government client, as the clients' happiness seemed to be the most important rule.

Nevertheless, corruption was the tool being used. All manner of allegations was directed at Braskem, in different countries where it operated. Some irresponsible top managers were arrested, and others are still under investigation. As a responsible reaction, a good compliance program was launched, and the rules were clear. The company is now perceived as a good place to work. How should one run a company blighted by corruption?

A former McKinsey consultant with an MBA, Fernando Musa says he only knew what it meant when he became the chief executive at Braskem, following the turmoil of a corruption scandal. What lessons learned were? Mr Musa says: "Don't let the crisis overwhelm your day-to-day operations. You have clients, suppliers; you have to keep concentrating on the

business” (Leahy 2018). Braskem had to pay US\$1billion for corruption. Mr Musa commented: “It is a heavy penalty because we did things that warrant a heavy penalty... The important thing is that this will not happen again.” Braskem’s reputation was damaged due to its participation in the biggest Brazilian political bribery scandal known as Lava Jato (Car Wash), with Odebrecht, its controlling shareholder. From 2012 to 2016, Mr Musa was the Group’s Head of Operations in Europe and North America, a period in which the group grew by around 200%. He was not involved in the corruption scandal, a good reason for the Board to promote him to CEO, with the responsibility of managing the crisis and restoring the confidence of investors. His moral and personal qualifications and his consulting experience enabled him to create a positive impression and gain the good will of banks, business partners, customers and employees: “Here I went from floor to floor. I made it clear that there were things I could not share (because of the investigation). The message was to stay focused on what is important: attend to your customers, run the plants productively, create new products” (Leahy 2018).

Based upon Mr Musa’s responsible leadership, Braskem revised its governance, hiring independent auditors with the approval of regulators, as one of its ethics and compliance initiatives. Also, the number of independent board members increased from six to eleven. The former executives and agents involved in corruption soon left the company. Only one member of the previous board remained active. Asked about a leadership hero, Mr Fernando Musa referred to his father, Mr Edson Vaz Musa, one of the most prestigious global executives in Brazil in the 1980s and 1990s, CEO of Rhodia, the French multinational chemical group. Asked about leadership lessons learned, Mr Musa emphasizes a few aspects. A leader should not give orders, as his example and clear purpose encourages correct behaviour. The head of compliance should answer directly to the board, and not to the legal department, as had been the case previously. The thousands of suppliers and service providers became aware of a global settlement. These and other initiatives indicated that the company’s ethical and responsible standards were effective. Mr Musa’s leadership reputation was strong within and outside Brazil.

Questions for discussion – Case 4

1. Is success a guarantee that a large company is free from corruption, relying on its strong image in the market?
2. What characteristics does an executive need in order to lead – and change – large companies with unethical or less responsible backgrounds?
3. Do ethics and compliance programs support a responsible climate in an organization?
4. Are they enough to provide useful tools for board members to make decisions?

*Part 3**4. Social responsibility*

Using a mini case, the workshop briefly discussed a possible theoretical background to Responsibility and Leadership, trying to understand if the concepts can – still or again? – assure an ethical impact of business on society.

*4.1 Case 5: The Sé Square case –
drug abuse by street children in São Paulo*

The CEO Manuel Silva faces a serious problem: The most profitable product of his company, Sapacol, is a drug consumed by street children at Sé Square in downtown São Paulo. The company's reputation is at risk from a social responsibility perspective.

The case

Manuel Silva, CEO of the Amazon Sticker S/A, was facing a serious problem. Could the company go on producing Sapacol, its most profitable shoe glue and, at the same time, maintain its reputation for social responsibility? The Amazon executives knew about the substance abuse when the São Paulo newspapers published articles about street children being

arrested for being high after inhaling shoe glue. Most children, orphans or runaways from home, lived in the worst slums of the largest cities where they could barely survive as beggars. Sapacol, an easily available shoe glue, was the substance that these children chose, due to its low price and hallucinogenic qualities. The glue created high dependency and immediate sensations of pride, greatness and power. At the same time, this glue caused irreversible damage to the liver and brain, when inhaled for a long time. Children who used other substances, together with Sapacol, were nicknamed Sapacoleiros, a name that became synonymous with street children, even if they were not involved with the drug.

Sapacol was exported to countries that use it in leather and woodcraft, as well as shoes, airplanes and rubber adhesive cement manufacturing. Mr Manuel Silva, CEO of the Amazon Sticker S/A, was shocked when the international press pointed out the double effect of Sapacol. The product was being inappropriately inhaled by street children. Customers from developed countries soon suspended their sales orders, asking for a solution. How could a company such as Amazon Sticker, that claims to have a social conscience, keep selling Sapacol, literally burning children's brains in downtown São Paulo? Mr Silva discussed three alternatives with his executives:

- Adding *allyl isothiocyanate*, a mustard oil so strong that no-one would tolerate sniffing it.
- Adding water, which would have an impact on the product efficiency.
- Maintaining the formula as it is, because the company is not responsible for social problems.

Questions for discussion – Case 5

1. Is a company responsible for the incorrect or dangerous use of its product?
2. To what extent must a company deal with social problems in developing countries?
3. Does a company have a moral obligation to challenge the laws if they do not comply with public interest?

This case, as well as the other three, are snapshots of responsible leadership in Brazil. Profound changes are happening continuously throughout the country. Does the nation lack historic competence to assure the access of its citizens to fundamental rights such as health, education and shelter? This question leads to the development of a conscience about the role of responsible leaders and the participation of the companies in the process of social well-being. Independently of social class, public opinion seems to support business initiatives to promote social actions. Business Ethics and Social Responsibility point to the influence on collective behaviour.

In all cases, the personal and institutional images, the impact on personal lives, families and consumers indicate the importance of the relationship between Responsible Leadership and society. The intention of discussing these brief case studies during the workshop on Responsibility and Leadership was to understand whether the concepts can – still or again? – assure an ethical impact of business on society.

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Leadership Education for Sustainability

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“Our fate is obviously exceptional in relation to animals, including the primates we domesticate, reduce, suppress and put in cages; we were the ones who built cities of stone and steel, invented machines, created poems and symphonies, sailed into space; how could we not believe that, although coming from nature, we have not become extra natural and supernatural? Since Descartes we think and act against nature, certain that our mission is to dominate, subjugate, conquer it ... although all men come from the same species, homo sapiens, this common trait of nature continues to be denied to man by man, who does not recognize his fellow man abroad (diverse), or who monopolizes the full quality of man.” (Morin 2000: 3f.)

1. Introduction

While the sustainable development agenda has been more legitimated within business contexts, engaging with social and environmental issues still challenges dominant discourses of shareholder value and economic growth. After two centuries of industrialization, globalization and unprecedented technological developments, we have not only marked our control over nature but we have grown by using its resources unsustainably. This takes us to what is known as the *sustainability paradox*: “our dominant approach to wealth creation degrades both the ecological systems and the social relationships upon which their very survival depends” (Kurucz, Colbert & Marcus 2013: 437). Massive exploration of

fossil fuels and other non-renewable resources, destruction of forest and ocean biodiversity, air and water pollution, increasing inequality, labour exploitation and other unsustainable practices have put organizations and so-called “business as usual” at the heart of sustainable development challenges. Furthermore, some authors argue that organizational changes toward more sustainable or responsible practices depend on the education provided to future business graduates (Gröschl & Gabaldon 2018: 185), highlighting the importance to the debate of business schools’ own practices and perspectives. Thus, to avoid “education as usual” leading to “business as usual”, it is important to think about education in general and management education, in particular, from the perspective of its own paradigmatic challenges.

Against this background, this essay aims at exploring the following questions: What is sustainability and how can management and organizations, known as significant factors in sustainable development challenges, be part of the solution? What are the roles and challenges of leadership within this context? What can be understood as leadership for sustainability and how does this relate to the concept of Transcultural Leadership? Finally, what is the role of business schools in educating future generations of leaders towards more sustainable actions and decisions? After a brief literature review of these topics, whose objective is to contextualize our perspective concerning these questions, we will present the key elements of the methodology ‘Integrated Education for Sustainability’ (IES), developed by the Center for Sustainability Studies at FGV-EAESP, Brazil. This methodology has been practiced since 2009 and is geared towards the Principles of Responsible Management (PRME). Based on transdisciplinary principles, the methodology combines concepts and experiences aimed at promoting the integral development of participants, which includes formal, experiential and sensitive aspects of knowledge creation and expression, as well as reflexivity¹ on their relationships with themselves, others and the world around them. Finally, we will contrast our methodology with the concept of Transcultural Leadership, based on a shared experience promoted by the Center for Sustainability Studies at FGV-EAESP and Zeppelin University – an immersive course named

¹ According to Ann Cunliffe, the term reflexivity means “questioning what we, and others, might be taking for granted – what is being said and not said – and examining the impact this has or might have” (Cunliffe 2016: 741).

“Tapajós: a Transcultural Experience”, that took place in July 2019, involving ten Brazilian students from FGV and five German students from Zeppelin.

2. *What is sustainability?*

Initially defined in the 1980s as ‘economic development that does not impinge on the social, environmental and financial prospects of future generations’ (United Nations 1987), sustainability has since been at the core of theoretical debate (Veiga 2010), and has become a vast field involving different professional backgrounds, and driving contemporary organizational practice. At the centre of this debate, we can find contemporary organizations and the icons of economic and technological development. The central challenge is that such development comes at a high cost: massive and unsustainable exploitation of limited natural resources and labour exploitation that does not incorporate environmental and social externalities into business costs. In other words: who pays the “business as usual” bills?

From an initial focus on environmental conservation, the field has now developed to a broader understanding that sustainability is not just about the natural environment, but also about human values, social relations and identity (Allen, Cunliffe & Easterby-Smith 2019). As a shared global agenda, the 17 Sustainable Development Goals (SDGs) proposed by the United Nations in 2015 have provided guidelines and targets for both nations and organizations that include the issues of poverty, food, health, education, gender equality, water, energy, economy, infrastructure, inequality, habitation, consumption, climate change, marine ecosystems, ecosystems, and institutions for peace.

Such a vast agenda needs to be positioned against a backdrop of, and fundamental debate on, the relationship between business, society and nature. Marcus, Kurucz and Colbert (2010) present this relationship from three perspectives, each sustaining different implicit and explicit assumptions which, in turn, influence our individual and institutional practices: (i) the disparate view (an externalizing perspective): based on classical economic theory, this perspective understands business, society and nature as totally distinct domains that interact by means of transactions; such transactions are rooted in individual self-interest decisions and the largely

accepted assumption that development is derived from individuals', firms', industries' and/or nations' economic growth – nature and society are resources used to this end; fragmentation prevails and the externalities of these transactions (effects of business on society and nature that are not embodied in market transactions) become something to be dealt with by “others”, either government (regulation, taxes, compliance) or civil society (philanthropy); (ii) the *intertwined view (a relating perspective)*: here business, society and nature are understood as being inter-related and connected with mutual influence so their interests should be balanced and pursued simultaneously where they overlap; this perspective is also referred to as the “triple-bottom-line approach” (Elkington 1998) and was initially defined as the focus on “economic prosperity, environmental quality and social justice” (ibid.: 2). The vast field of Corporate Social Responsibility (CSR) is derived from this approach and has largely influenced companies in pursuing a stakeholder perspective (Freeman 1984), where not only the shareholder's interest in economic growth is attended to, but also the interests of groups that affect, and are affected by, the firm's activities. The challenges of such a perspective is that, by overlapping business, society and nature as three circles of the same size, it does not consider the systemic limits of our finite natural resources; it portrays each domain as having a significant space or area of its own and no “value order” – this, in practice, may end up reinforcing the disparate view, with the interests of business being prioritized with few incremental benefits to social and environmental domains; (iii) the *embedded view (a reorganizing perspective)*: here business, society, and nature are “innately inter-related”, portrayed as concentric circles – business exists *within* society, and society *within* the broader natural environment; therefore, these domains are not comparable but “nested” within each other. Even though it is difficult to locate where each domain begins and ends, this perspective helps us understand that, as a social invention, organizations do not sustain themselves outside society (they are created, maintained and transformed by collective human purpose) just as human society does not sustain itself outside nature (planet Earth is still our only home). Thus, to put business at the centre here does not indicate its higher importance but its higher dependency; it means recognising that nature has existed much longer than human civilization and may continue to exist without us. At the same time, it does not mean denying a “business case” but dislocating

it from a command-control perspective and establishing a broader and more integrated context within which that case can be considered.

The reflection on how we perceive, and therefore enact, the relationship between business, society and nature is a fundamental part of any discussion and proposition regarding management/leadership practices and education for sustainability. One's own ideas of 'management' of the natural environment and 'human resources' assume that these domains are external to us and somehow manageable by us. To some extent, they are. And indeed, a large number of technological advances have been accomplished by and through businesses, especially in the last century, under a disparate perspective. But with what consequences? And for whom? Our global challenges and recent crises have presented us with evidence that "management carries with its decisions an important (positive or negative) social impact [so] management is a profession that has to do with the common public good" (Rasche & Escudero 2009). Thus, providing the sense of responsibility in the decision-making processes of future leaders and professionals must be a central concern in business education. The movement from the disparate view of the business-society-nature relationship to the intertwined view is already a remark on providing a new lens with which to view more sustainable businesses, but the most recent debate on the field calls for even more disruptive perspectives, such as the embedded view.

Building on such a perspective, Allen, Cunliffe & Easterby-Smith (2019) present the idea of "ecocentrism" where humans are connected with rather than predominant over nature, having as a key element the idea that "the environment, communities and people shape each other in mutually defining ways as they interact in lived experience" (ibid.: 789 – our emphasis). To consider the "lived experience" of our reality implies understanding that events, actions and meanings are fluid, contextualized and occur under "mutual agency" in the relationships between us, others and the world around us. Such relational ontology challenges our dominant centrality in generalized solutions or competences as well as individualized 'heroic' approaches to organizations and individuals. Within this perspective, sustainability has to do with our capacity for overcoming the primacy of fragmented, individualized and idealistic forms of perceiving, knowing, managing, leading and ultimately living our realities. This implies: (i) recognizing the interdependencies, paradoxes and contradictions (that is, the complexity) of which we are part; (ii) being more open to the different perspectives and interests shaping our realities; (iii) being more

reflective on the possible consequences of our individual and collective choices; (iv) and finding ways of responsibly connecting and navigating our way through the physical and social worlds, the local and global, the specific and the generalized, the scientific and the traditional and so forth (Kurucz, Colbert & Marcus 2014).

3. *Leadership for sustainability*

The choice of engaging with social and environmental issues, challenging the dominant and privileged perspectives of shareholder value and economic growth places many sustainability professionals “in a contradictory space, in which their position within organizations is produced by, and consists of, conflicting discourses, which they need to negotiate in managing themselves and others” (Wright, Nyberg & Grant 2012: 1452). Regardless of leadership positions, such conflicting situations include the way sustainability professionals have to develop ways of shaping the meaning of social issues by translating to public audiences their private understandings (Sonenshein 2006); access and have to persuasively make their case to different corporate, governmental, media and public stakeholders, who present conflicting perspectives and interests (Banerjee 2011); struggle to balance passion and a desire to urgently ‘transform’ the world (Conklin 2012) with tempered ideals when dealing with supervisors or external stakeholders (Wright & Nyberg 2012); engage in self-evaluations that generate self-doubt that may, on the one hand, increase levels of anxiety and burnout but, on the other, foster individuals’ actions in advancing a social agenda inside organizations and beyond (Sonenshein et al. 2014) and face conflicts with their personal lives, expressing disengagement and acknowledging the limits of the ‘committed activist’ identity when trying to ‘live sustainably’ in a society based on over-consumption (Wright, Nyberg & Grant 2012).

When it comes to the leadership literature, the concept of leadership for sustainability seems to be a source of disagreement and confusion (Metcalf & Benn 2013). Part of this confusion can be attributed to the fact that the field of sustainability has been at the heart of theoretical debate as presented above. Usually marked by paradoxes, contradictions, interdependencies, different perspectives and interests, sustainability does not seem to fit into any single orientation or approach to leadership. Per-

sonal and institutional elements – values, motivations, behaviour, ethical standards, structures, processes and indicators – seem to be important when it comes to dealing with complex problems. Finally, some authors argue that leadership for sustainability challenges fundamental assumptions about who counts as a leader Ferdig (2007), since what it takes to foster sustainable conditions in organizations and communities may sometimes be more constrained than enabled by formal leadership positions.

Some scholars relate leadership with Corporate Social Responsibility practices at institutional level (structures, processes, indicators etc), proposing that sustainable development initiatives should be integrated into business strategy, meaning more than a matter of public relations and having leaders champion this process with a system of incentives and indicators that show if and how sustainability is integrated into the organizational practice (Székely & Knirsch 2006); or the existence of corporate governance processes that include a board or senior management committee to guide and monitor sustainability strategy; publication of a corporate policy and monitoring process; and disclosure of the relationship between remuneration and sustainability performance (Klettner, Clarke & Boersma 2014).

Other scholars focus on what constitutes a leader for sustainability in terms of this leader's characteristics and behaviour. Here, the same struggle related to personal values and motives versus organizational objectives is revealed. The study by Angus-Leppan, Metcalf and Benn (2010), for example, indicates that rather than a single form of CSR, two forms co-exist that have different and conflicting leadership styles related to each form: an explicit form that includes the publicity and formalization of CSR and organizational values and that is related to an autocratic leadership style and public relations and an implicit form of CSR that includes discussions and ethical issues that is not necessarily reported and is related to an authentic/emergent leadership style. According to the authors, leaders experience these systems in conflicting ways, making it difficult to categorize such a complex concept as CSR into specific frames of leadership. Following the same theme, Waldman and Siegel (2008) argue that, while leadership values occur at the individual level, organizational performance is the result of contextualized and complex elements. This means that leaders who design and implement CSR initiatives have different drivers that influence their actions: instrumental behaviour (rational and calculative, developing sustainability practices in opportunistic

ways) and personal motives and values (aligning sustainability practices with a sense of purpose, meaning, and identity). The authors suggest that a balance should exist between instrumentality and intuition, suggesting new theories to be developed about this.

Maak and Pless (2006), on the other hand, places the topic under the emergent concept of Responsible Leadership, which they define as “a social-relational and ethical phenomenon that occurs in social processes of interaction [with multiple stakeholders inside and outside the firm]” (ibid.: 99). Here, a shift in perspective occurs from the “big ego” type of leader who is still at the heart of much of the leadership literature to a “networker and mediator who engages him/herself among equals (...) a versatile leader with social and ethical intelligence” (Maak 2007: 340). According to such a perspective, being a leader in today’s global, complex, uncertain and interconnected environment requires a sense of purpose – in order to navigate such “uneven waters” – and an effort for building legitimacy and trust – in the face of recent and repeated ethical scandals and environmental disasters. This includes not only values, but behaviour that reveals moral and relational qualities of leaders (Maak & Pless: 2006): a “relational intelligence” that allows them “to integrate people with different styles and cultural backgrounds into teams, include different voices into the dialogue, understand issues from different perspectives, solve conflicts of interest with different people, reconcile intercultural and interpersonal dilemmas” (ibid.: 105).

On a similar note, Metcalf and Benn (2013) suggests that the concept of Leadership for Sustainability has been a source of disparate findings and confusion because both leadership and sustainability are, by their very nature, essentially complex phenomena. They argue that leadership for sustainability requires leaders who can “read and predict through complexity, think through complex problems, engage groups in dynamic adaptive organizational change and have the emotional intelligence to adaptively engage with their own emotions associated with complex problem solving.” (ibid.: 381) The ability to “navigate” through complex environments, however, is understood by the authors as being “an element of complex problem solving that we are still endeavouring to describe” (ibid.). To Ferdig (2007), complex elements such as contradictions, paradoxes and differing viewpoints are characteristics of a healthy system. And the long-term viability of such interconnected living systems depends on the capability to ‘lead with’ rather than ‘over’ others. Sustainability

Leadership, then, challenges the usual assumptions about who counts as a leader: rather than formally designated positions to lead for sustainability requires an emerging consciousness that implies changing itself in the process of striking a balance among and between simultaneous, and often contradictory, demands as well as taking responsibility for creating more sustainable conditions in communities and workplaces, “grounded in a personal ethic that reaches beyond self-interest (...). Instead of looking to others for guidance and solutions, we are called [upon] to look to the leader within ourselves” (ibid.: 25 f.).

Within the relational approach to leadership, Wieland and Montecinos (2019) present the concepts of transcultural competence and transcultural leadership style. Even though they do not relate these concepts to Leadership for Sustainability directly, many common premises can be found and should be pointed out for the purposes of this essay.

The transculturality approach is based on the fundamental observation that “in a global world, collaboration for mutual benefit can only succeed if people with a diverse background actually cooperate.” (ibid.: 10) But such diversity does not have, as its starting point, national cultures but rather transactions – or concrete cooperation projects – that involve different players or stakeholders who come together for a common purpose. Their differences can be found, for instance, in regional, industry, professional, corporate, generational or gender-cultural aspects – different levels of cultural affiliation. On this basis, transculturality is not about conciliation or reconciliation of differences, but about recognition and acceptance of these differences accomplished by non-normative and non-judgmental attitudes (such as empathy, openness, and inclusive rationality) and the capacity to create shared meanings and mutuality. Such capabilities are not expected to be a kind of abstract “universal ethos”, but a reflection of “thick descriptions of values that are always temporary and local” (ibid.: 13). This means that heterogeneity, contradictions and value conflicts will remain, but a concrete common project associated with a non-normative attitude from the stakeholders involved will allow mutual learning and cooperation to emerge. Such a dynamic and continuous process of adaptation allows both personal development and private/public value creation, since the common project may reduce transaction costs and promote systemic innovation.

As for the term transcultural leadership, Wieland (2019) discusses transculturality as a leadership style defined as: “the competence to de-

velop social interactions that are significantly characterized by cultural diversity in such a way that they produce mutual advantages for all stakeholders: values, motivations or objectives accepted by all” (ibid.: 34). The power of such a leadership style would not be the product of hierarchical positions or autocratic behaviour but the results of social relationships – thus, transcultural leadership could be located in all levels of an organization and assigned to different people, depending on the context. As for the values that characterize this style, the author lists the following examples: to strive for mutual benefits; to look for practical and creative solutions in a mindful way; to avoid premature judging; to listen carefully; to settle conflicts thoughtfully; to keep promises; to establish long-term partnerships; to act with integrity, respect and fairness; to treat others as you would wish to be treated.

The transcultural approach seems to relate to the concepts of Responsible Leadership and Leadership for Sustainability in the following aspects: all these concepts recognize the complexity of our social realities, marked by differences, contradictions paradoxes and uncertainties, and the need for common purpose, shared values and collaboration. Instead of proposing ideal forms of overcoming or eliminating differences, or reaching universal ethical standards, these perspectives share the common premise of “navigating” through complexity. This means that context matters and that relationships matter. Leaders, then, are no longer expected to be ‘big heroes’ with all the answers, but good listeners, mediators who know their own potential and dilemmas, but who are able to set aside self-interest and judgement, open to other perspectives and therefore to new possibilities of mutuality and common achievements. This is a fundamental shift when it comes to sustainability challenges, given the embedded or ecocentric view presented in the first part of this essay. If we need to revise the relationship between business, society and nature, understanding that business is a dependent part of a larger whole and should not exist over, but within, society and nature, organizational leadership should follow the same perspective: a leader is part of a larger whole (that may be a project, a firm, a community and so forth) and should not act over but with others to whom they are relating. To help develop such leaders for sustainability, regardless of formal leadership positions, is our main purpose with the Integrated Education for Sustainability methodology that will be presented in the next section.

4. *Leadership education for sustainability: an integrated perspective*

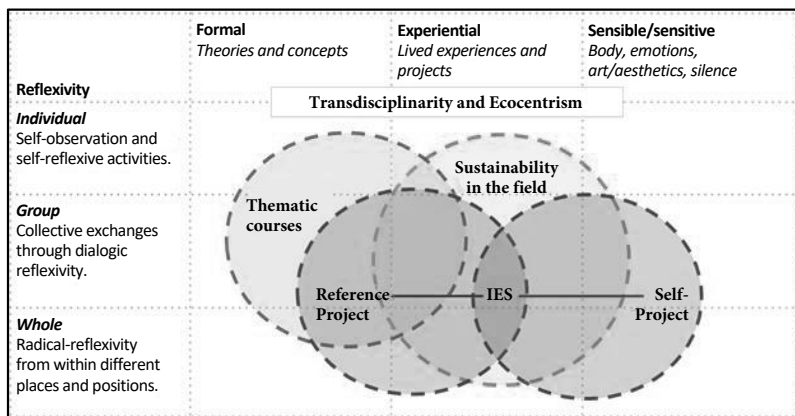
Education for Sustainability has emerged as a field where efforts go beyond theoretical or technical debate on sustainable development issues – which would constitute an Education about Sustainability approach. For Gadotti (2008), Education for Sustainability refers to the efforts of promoting changes in individuals' attitudes, perspectives and values. As part of the United Nations' efforts to bring organizations into the sustainable development agenda, the Principles for Responsible Management Education (PRME) was launched by the UN in 2007 to encourage business schools to change or adapt their curricula, methods and practices towards social responsibility, ethics and sustainability. Since then, PRME has been considered a “wave of change” in management education, enabled in part by the prior debate on business ethics, CSR, and sustainability. These interconnected fields emerged in response to the globalization of business and related crises (environmental, social and economic) and put together a “corporate responsibility infrastructure” with new codes of conduct, standards, practices and procedures such as the Global Compact; ISO 26000; Global Reporting Initiative; NGOs' advocacy movements; business school accreditation etc (Forray & Leigh 2012). PRME is also considered to be a space for experimentation and innovation since it implies voluntary commitment and self-regulation, not certification/accreditation based on pre-defined practices and standards – signatory schools can rethink what is being taught in their curriculum, but also question their own fundamentals (Rasche & Escudero 2009). Such changes include faculty support; curriculum configurations supporting PRME; course design; pedagogical tools; the role of the hidden curriculum of management education; bottom-up approaches and others. On the other hand, some scholars indicate that PRME has not had the desired impact and little work has been done to assess the impact on students (Carteron, Haynes & Murray 2014; Perry & Winn 2013). And while integrated and interdisciplinary approaches to research and education in sustainability, responsibility and ethics have been called for, little progress has been made on these issues (Burchell, Kennedy & Murray 2015; Laasch & Moosmayer 2015).

Reflections on deeper change go hand in hand with those already presented in this essay: the need to overcome the primacy of fragmented, individualized and idealistic forms of perceiving, knowing, managing,

leading and, in the context of education, teaching and learning. What does it mean then to promote a business education process that recognizes and helps students deal with the interdependencies, paradoxes and contradictions (that is, the complexity) of which we are part? Scholars in the field suggest that this can be accomplished by the integration of ethics, CSR and sustainability into a multi-level perspective in management education, combining coherent actions at institutional, curricular and instrumental level (Setó-Pamies & Papaoikonomou 2016); the understanding of management education as a progressive educative practice that allows “single-loop learning” (improving within the rules of the game, “double-loop learning” (questioning the rules of the game – are we doing the right things?”, and “triple-loop learning (questioning the game itself – “how do we decide what is right?”) (Kurucz, Colbert & Marcus 2014); the integration of reflexivity into management education: questioning what we and others might be taking for granted, and exposing contradictions, doubts, dilemmas and possibilities – within ourselves (self-reflexivity), and in relation to the world around us (critical-reflexivity) (Cunliffe 2002; Allen, Cunliffe & Easterby-Smith 2017); the integration of transdisciplinary principles and hermeneutics into management education: integrating different modes of thinking, imagining and feeling through conditions that enable cognitive knowledge (abstract representations), embodied knowledge (feelings, intuition, imagination), and enacted knowledge (experience and know-how) to be combined (Dieleman 2017; Gröschl & Gabaldon 2018).

Within this context, the Center for Sustainability Studies at FGV-EAESP developed a methodology called Integrated Education for Sustainability (IES) in 2009, as the school was becoming a PRME signatory. As presented elsewhere (Aguiar, Carreira, Góes & Monzoni 2016; Cunliffe, Aguiar, Góes & Carreira 2020), IES adopts an embedded and ecocentric perspective and is based on transdisciplinary principles that help students to perceive reality in all its complexity and to become more sensitive to their relationships with themselves, others, and the whole. To do so, IES programs are designed to combine three sources of learning (formal, experiential and sensitive), with three dimensions of reflexive learning (individual or self-reflexivity, group or dialogic reflexivity, and whole or radical-reflexivity) as indicated in Figure 1.

Figure 1: Reflexivity and transdisciplinarity in the integrated education for sustainability programme



Source: Extracted from Cunliffe, Aguiar, Góes & Carreira (2020).

The individual dimension of learning puts students in relation to themselves and the world around them. Through artistic, physical and contemplative activities, students are encouraged to perceive and interpret their own assumptions, ways of thinking, acting and relating (self-reflexive questioning). The group dimension refers to students’ relationships with others (within the group and outside). Through debriefings and dialogue sessions, as well as social activities, students are encouraged to perceive how different perspectives, cultural meanings and identities are always in construction through relationships and language (dialogic reflexivity). The whole dimension refers to students’ relationships to natural, cultural and social environments. Activities and projects involving organizational challenges encourage students to understand how one shapes, and is shaped by, institutional social-economic and macro-political contexts (radical reflexivity). As for the sources of learning, formal learning refers to theories and concepts (lectures, readings, papers, case studies) that help to make sense of and integrate lived experience into representations. Experiential learning refers to concrete experiences (games, role-plays, projects and field trips), helping students construct meaning through practice. Finally, sensitive learning deals with emotions, imagination and subjective per-

ceptions and impressions through physical, artistic and contemplation activities. (Cunliffe et al. 2020)

Together, these dimensions help create the necessary conditions for ecocentrism and, depending on the course/program developed, key formats are put into practice. They are:

- Integrated Education for Sustainability Course, based on two pillars: the Reference Project – a group challenge related to a real and complex sustainability issue with a practical and multi-stakeholder contribution and the Self Project – activities and practices that seek to expand students’ perception of themselves, others and reality in an embedded perspective.
- Thematic courses: immersive courses as well as two- to four-month courses exploring key sustainability issues in transdisciplinary and reflexive ways, such as climate change, local development, sustainable cities, ecosystem services and others;
- Sustainability in the field: immersive courses based on ecocentric principles in which students spend four to six days in a given Brazilian territory (in the Amazon or Atlantic Forest regions, for instance), experiencing different aspects of sustainability by interacting with and questioning members of public, private and non-governmental organizations, and local community members in the field;

Table 1 summarizes the different courses/programs and initiatives at EAESP FGV based on IES methodology and its key formats.

Table 1. different courses/programs and initiative ate EAESP FGV based on IES methodology and its key formats

Students profile	Course/program	Issues Covered
Undergrad Level	<p>Integrated Education for Sustainability</p> <ul style="list-style-type: none"> ▪ Four-month elective discipline offered to students in Business Administration, Public Administration, Economics and Law Schools; ▪ Launched in 2009, this course has reached approximately 360 students; 	<p>Reference projects in topics such as:</p> <ul style="list-style-type: none"> ▪ Large-scale infrastructure investments in Amazon ▪ Waste ▪ Conservation and management of protected areas ▪ Gender equality

	<ul style="list-style-type: none"> ▪ Based on Reference Projects proposed by faculty and developed by students in contact with different stakeholders. 	<ul style="list-style-type: none"> ▪ Food deserts ▪ Fashion value chain ▪ Climate change and financial markets
	<p>Immersive thematic courses</p> <ul style="list-style-type: none"> ▪ One-week immersive courses ▪ Launched in 2017, these courses have reached more than 300 students 	<ul style="list-style-type: none"> ▪ Agenda2030 and the sustainable development goals ▪ Water ▪ Sustainable cities ▪ Sustainability and capital markets
	<p>Sustainability in the field</p> <ul style="list-style-type: none"> ▪ One-week experience in a given Brazilian territory to discuss the concept of sustainable development in contact with different realities and stakeholders (from private, public and non-governmental sectors) 	<ul style="list-style-type: none"> ▪ Amazon territory ▪ Atlantic Forest territory
Graduate Level	<p>Sustainability Professional Master</p> <ul style="list-style-type: none"> ▪ Eighteen-month program offered to senior managers from different areas combining thematic courses, IES pillars and sustainability in the field experience; ▪ Launched in 2016, this program has reached approximately 110 students; 	<p>Reference projects in topics such as:</p> <ul style="list-style-type: none"> ▪ Climate change and return on investment ▪ Gender equality ▪ Refugees inclusion ▪ Corruption ▪ Local development (Amazon communities' case) ▪ Product life cycle
International partnerships	<p>Sustainability Expeditions</p> <ul style="list-style-type: none"> ▪ One-week experience in a given Brazilian territory to discuss the concept of sustainable development in contact with different realities and stakeholders (from private, public and non-governmental sectors) 	<p>FGV Professional Master for International Management (CEMs)</p> <ul style="list-style-type: none"> ▪ Sustainable Development in the Atlantic Forest territory <p>FGV and Zeppelin University Tapajós: a transcultural expedition</p> <ul style="list-style-type: none"> ▪ Sustainable Development and Transcultural Leadership in the Amazon territory.

Source: Own representation.

Even though transculturality was not a premise for the development of the Integrated Education for Sustainability methodology, we can relate some of the program's elements to this concept. First, we have diversity as a premise, understanding that different perspectives must exist for students to practice the relational abilities needed to lead for sustainability. Given the profile of applicants, we combine students from the most diverse backgrounds possible (gender, age, professional and academic background etc). Differences are welcome and through "relational etiquette" we exercise listening and self-positioning abilities, presence and investigation spirit. Also, the reference projects (available on our longer programs) bring students together to develop a contribution to real sustainability problems that are the starting point of new shared meaning and collaboration. In the case of shorter programs (such as one-week immersion courses) the field trip works as a common project – since being together for six days allows differences and commonalities to emerge. Finally, contact with different stakeholders – on both reference projects and field trips – allows students to practice transcultural competences.

5. *Final considerations*

Engaging in and promoting sustainable development, or economic growth that does not erode our social and environmental relationships, challenges fundamental assumptions about the way we do business. The relationship between business, society and nature should be revised from a disparate (separated) to an embedded (ecocentric and integrated) perspective. In this transition, dominant and privileged discourses of shareholder value are challenged by a multi-stakeholder perspective, in which different voices and perspectives should be considered equally, in order to reconcile relational, and often ethical, dilemmas. Professional identity is challenged as sustainability professionals struggle between personal values and conflicting institutional objectives. In a similar way, leadership styles are challenged and, more fundamentally, the idea of a "big hero" leader is questioned. What does it mean to lead for sustainability? Such a complex question may not be answered by any approach that reduces and fragments leadership to single categories, such as specific traits or behaviour. A more integrated, contextualized and relational perspective seems more coherent to the type of challenge such leadership efforts are facing

today. And even though little has been agreed about this concept, different scholars agree that Leadership for Sustainability involves a relational intelligence in which context, openness and dialogue matter, so one can navigate responsibly and responsively through uncertainty, diversity, contradictions and conflicts (inherent aspects of complex living systems). In this sense, Transcultural Competence and Transcultural Leadership converge with the ideas of Leadership and Education for Sustainability as it acknowledges several levels of cultural diversity (it is a multi-stakeholder perspective), proposes ways of finding commonalities despite the differences (acknowledges conflicts as being inherent to complex realities), and recognizes leadership as a role – but not necessarily a *position* – that requires non-normative and non-judgmental attitudes, with values of integrity, respect and empathy being essential for an ecocentric perspective.

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Part II

**Transcultural Leadership
and Business Practice**

Transcultural Cooperation – The Example of Zeppelin

Peter Gerstmann and Ricardo Borges dos Santos

1. Introduction

This article describes the transcultural identification and cooperative work between a European corporation and its subsidiary in São Paulo, Brazil. The historical development and business results delivered by their joint work show that the identification of every employee worldwide with a company's strong corporate values and a definite commitment to these values are a solid basis for successful cooperation. The focus on cultural differences is replaced by a focus on cultural commonalities to leverage success stories, not only internally between subsidiaries, but also between a subsidiary and the headquarters, or externally with other companies and customers.

Several examples describe historical, social and cultural as well as business aspects that have influenced the recent history of the Zeppelin Latin America Equipamentos Industriais Ltda as a 100% subsidiary of the German traditional industrial engineering and equipment manufacturer Zeppelin GmbH. The steps taken to turn the local company into an important collaboration tool within the corporate business strategy, along with cultural and human aspects of these steps, are described in the form of a case study. As a further objective, the article tries to identify shared common values between the headquarters in Germany and the Brazilian subsidiary.

2. Definitions

2.1 Transculturality

The literature on transcultural cooperation and leadership defines *Transcultural Cooperation* as a phenomenon that seeks cooperation through the efficient employment of “commonalities between culturally diverse groups” (Li, Cohen & Tan 2018: 313). We describe one such case here: the successful cooperation between a company’s headquarters in Europe and its subsidiary in Brazil through use of a cross-cultural management concept. The use of a commonalities approach brings adaptive characteristics to global transcultural governance structures. The emphasis must be on the intercultural dimension (diversity of different shared cultures) and the cross-cultural dimension (on the perception of shared cultural and moral practices) that interact for a process of economic globalization (Wieland 2014). In his work, Wieland demonstrates implications in an individual and collective system that directly influences the success or failure of cooperation projects between different nationalities. In other words, the challenges of governance for cross-cultural management go beyond cultural boundaries and must be viewed from the outset as a mutual process of learning and transformation for all parties involved, aiming at win-win cooperation, but also remaining open to discussions of cultural and moral issues in the perspective of shared practices.

2.2 Commonalities

The Cambridge English Dictionary defines the fact of sharing interests, experiences or other characteristics with someone or something as *commonality*. According to Li, Cohen & Tan (2018) it is defined as

“In contrast to a cross-cultural focus, which is concerned with differences across cultures, transculturalism seeks commonalities between culturally diverse groups, which are defined not just by nationality or other geographical boundaries, but also by boundaries of ethnicity, religion, subculture and social class.” (ibid.: 313)

One possible focus of successful cooperation between a corporation and its subsidiary is the search, nurturing and creation of commonalities between the teams. The main commonality between sister companies at Zeppelin in general, but expressly also with the Brazilian Zeppelin company, is certainly quality consciousness – a point that will be discussed later.

3. History and development of Zeppelin Group

Zeppelin as a company dates back to Ferdinand Graf von Zeppelin and his airships. Graf Zeppelin had overcome many difficulties when he finally succeeded in seeing his first airship take to the skies on July 2, 1900. Thanks to his charisma, his innovative spirit and his talent for winning people for his ideas, he had managed to form a strong and successful interdisciplinary team out of different characters – in a way, the first proof of successful transcultural leadership at Zeppelin Group.

Flying Zeppelin



Source: LZ Archiv Friedrichshafen.

Thankful for the spontaneous and lasting support of the people in Germany when one of his airships was destroyed near Echterdingen/Stuttgart, Graf Zeppelin founded the Luftschiffbau Zeppelin GmbH and made it part of his newly founded Zeppelin Foundation in 1908. The Zeppelin Foundation and Luftschiffbau Zeppelin GmbH still form the basis of the Zeppelin Group, now a group of companies with over 8,000 employees and locations in more than 30 countries worldwide.

Graf Zeppelin had realized man's dream of being able to fly and to overcome boundaries and he even founded the first airline in the world while his airships crossed countries and oceans. Graf Zeppelin also managed to integrate very different people, followers as well as critics of his idea, successfully into his team.

Hangar, Rio de Janeiro



Source: Rcandre (2008).

The best example for his charisma and power of persuasion is the fact that Hugo Eckener, originally a journalist who strongly criticized the airship idea, later became a member of the team after being invited to discuss his

critical views on the construction of the huge airships with Graf Ferdinand. After the death of Ferdinand Graf von Zeppelin in 1917, Hugo Eckener became the father of Zeppelin airships, known the world over and under whose guidance airships could be seen everywhere around the world. He succeeded in crossing the Atlantic for the first time with LZ 126 in 1924 and managed to travel safely around the world with LZ 127 “Graf Zeppelin”. Various airships also landed in Brazil and other destinations in South America. A hangar was built in Rio de Janeiro to protect the airships when in Rio de Janeiro and this hangar is still operational today.

4. Historical developments from 1950 to today

After World War II, however, the glorious era of airships came to an end when the allied forces prohibited the construction of airships in Germany. Graf Zeppelin had determined that his foundation should be used for social welfare if its original mission could no longer be fulfilled. So, after various discussions about the future of the Zeppelin Foundation, the responsible Regional Commission of Baden-Württemberg decided that the City of Friedrichshafen should become the administrator of Luftschiffbau Zeppelin GmbH and the Foundation. And this construct is still valid today.

Luftschiffbau Zeppelin itself had to start from scratch again and had to find new business fields to secure jobs for its employees. One of the new business fields to be developed after World War II was light metal construction and especially the engineering of containers and silos. This business field soon became very important for Zeppelin in Friedrichshafen and, in order to secure future business opportunities, the Zeppelin management board looked for additional market opportunities. This became especially urgent when the economy in Germany suffered around 1995 and internationalization became even more important. Therefore, in 1998, Zeppelin acquired an engineering company with an affiliated manufacturing line in pneumatic conveyance in Brazil in order to better serve and enlarge the markets for containers and silos in South America.

Particularly the emerging petrochemical industry offered chances for more technological business with the trend for engineering and supply of turnkey plants for this industry. Zeppelin company adjusted to these new trends and business was more and more switched from building silos and

components to offering the entire value-added chain from production to conveying and packaging. At the same time, business activities were expanded towards plastic producers and processors, rubber and finally food industries.

High-quality standards have always been Zeppelin's hallmark. Today the production program at plant engineering includes pneumatic conveying systems, elutriators, materials classification, blending, heating, cooling, storage, feeding and extraction of bulk materials as well as dust removal (dedusting). Projects are planned and executed according to customers' specific needs, new plants are designed, or existing ones modernized. Complete plants are delivered including automation, individual systems as well as components for bulk materials handling. Nowadays, a network of locations and offices worldwide secures successful business for the Zeppelin group. Meanwhile the sister companies interact to increase local sourcing for third party goods and optimize the workload for Zeppelin-specific products. For example, more than 140 employees now work at Zeppelin Latin America in São Paulo, serving both local and international markets.

5. *Zeppelin Systems business – a network business*

The business model developed by Zeppelin Systems with the petrochemical industries has been shaped over the years. The petrochemical industries were and still are structured around large-scale production sites with an even larger distribution structure. During the 1960s, most of these industries had their headquarters either in Europe, USA or Japan. Nevertheless, their main plants were spread all over the globe. Plastics production was located near the main refining hubs sited in different parts of the world such as the Gulf of Mexico or Venezuela as well as in the Arab peninsula and in Europe.

Serving this industry required an organization that was active over several continents, especially at those locations where new plastic plants were to be built or existing ones modernized. However, the high technological nature of the business required Zeppelin specialists to remain in touch with the centralized technology hub of the client as well as to be in constant exchange with decision makers at the potential client. Thus, the Zeppelin Systems business grew into a transnational network business.

Using a variation of a well-known slogan, Zeppelin Systems managed to find a successful path in business by following the principle of ‘*negotiate globally and deliver locally*’.

The business grew with the addition of various upstream and downstream equipment – initially some devices and piping to fill silos, later devices to empty silos and convey pellets and powders, further equipment such as filters to avoid dust propagation, even further specialized equipment to clean plastic pellets from dust. All of these new functionalities required new equipment and technologies, yet added value and complexity to the operations, turning Zeppelin Systems into an ‘engineered to order’ business rather than a product-centred business.

6. *Leadership values of Zeppelin Group*

Zeppelin Group is currently active in about 35 countries with more than 8,000 employees worldwide. The Group stands for diversity – in products, services, business fields and global activities. Taking this into account as well as the rapidly changing requirements of customers and markets, the definition of general values is essential for successful cooperation and for securing the future of the company. Thus, several years ago, a management team reflected on the long history of the company and Graf Zeppelin’s leadership culture, and from that basis, ten statements were developed, combining tradition and future in the generally accepted so-called “Grafensätze” (The Founding Father’s Essential Values).

As of today, Zeppelin culture is still based on the values of Graf Zeppelin, a culture of values based on excellence and integrity for customers, employees and shareholders. These days Zeppelin is a ‘people company’, i.e., its business success is mainly based on the employees and their successful work all over the world. Every day, Zeppelin employees strive to deliver the best service for customers as well as colleagues and shareholders. Overall planning is done at Zeppelin headquarters, but realization of plans and planning happens within local teams – “plan globally, act locally”. The general business success of the group is based on the fact that every employee worldwide follows the principles of the “Grafensätze” in their daily work, every single one knowing that he or she is a member of the same company (*‘We are Zeppelin’*), despite any possible cultural differences.

The Grafensätze



Source: Own representation.

Let's just mention one of these principles in more detail to explain the combination of tradition with modern leadership principles.

Grafen fail successfully

Graf Zeppelin faced bankruptcy after his fourth airship crashed in 1908. But his vision and enthusiasm induced employees as well as friends and supporters to collect and donate a total of five million Reichsmark to ensure the airship business was able to continue. In return and to thank his supporters, Graf Zeppelin founded the Zeppelin Foundation with that money, the basis for every Zeppelin company that was developed in the following 100 years and beyond.

On the one hand, present-day employees see this principle as a manifestation of company history, but, on the other, as a reliable reference for their daily business. Translated into our times, this principle states that failure is possible, but also that one learns from such failures and is not discouraged but starts again to be successful in the end.

7. *Transcultural Leadership at Zeppelin*

Let us take Zeppelin activities in Brazil as an example for business based on this understanding of leadership and of intercultural understanding over the whole Zeppelin Group. The business fields in Brazil range from engineering silos and plants for the plastics industry to food business and quality service. Local customers and big international companies rely on products from Zeppelin Brazil for their business, from single components or silos to large plants specially designed according to the client's requirements.

History of Zeppelin Brazil

Originally named Johannes Möller do Brasil (JMB), the company was founded in 1976 as a subsidiary of Johannes Möller Hamburg, Germany. The company served the Brazilian market by supplying bulk handling, pneumatic conveying and silos for pellets and dry powders for the chemical, petrochemical and mineral industries, including components, projects and systems. In January 1998, the German industrial group Zeppelin – which had more than 50 years of experience in bulk materials handling and storage – acquired JMB, changing its name to JMB ZEPPELIN.

In line with those values of quality and innovation, Zeppelin Systems Latin America offers state-of-the-art technological solutions to its customers in the field of dry ingredient handling. The range of services offered includes all types of logistics processes including unloading from all kinds of vehicles (trucks, wagons, containers, big bags or special containers) through storage in different types of silos or big bags as well as conveyance in different forms, through cleaning, weighing and dosing, dispatching and bagging.

With integrated processes backed by the expertise of the Zeppelin headquarters and the various sister companies, the products and services of Zeppelin Latin America are widely recognized in the market. Its 43 years of history in South America, offering high quality products and technology to its customers, have effectively contributed to the successful industrial development of the South American region.

Zeppelin Systems Latin America Plant in São Paulo

Source: JMB Zeppelin.

With a factory located in the city of São Bernardo do Campo, São Paulo Brazil, Zeppelin Systems Latin America integrates all necessary capabilities and tools to engineer, supply and commission large solid ingredients handling systems. The combination of process engineering, silo systems and automation allows Zeppelin to serve its customers within short time frames, reducing interfaces, facilitating project coordination and using a one face to the customer approach. The company specializes in the engineering of plants from receipt of raw materials, beneficiation and storage, dosing, to electrical controls and automation. Zeppelin has an extensive portfolio of products and services including silos, unloading, storage, pneumatic conveyance in diluted or dense phase, separation of particles, classification of granulated or powder materials, homogenization, cooling, heating, weighing and dedusting. As one of the largest suppliers of automated systems for handling raw materials, Zeppelin is active in all industrial segments, e.g. food and beverages, rubber and tires, malt and brewery, minerals, cement, aluminium, petrochemicals, PVC, plastic transformers and other industries, always presenting the best solutions for specific cases. Through its well-structured technical support and comprehensive service, Zeppelin offers its customers continuous support with the

tion. In 2009, the plastic processing segment stood out with the supply and export of several dosing plants and PVC resin mixtures. In 2010, Zeppelin provided the engineering, supply and installation of 24 silos of 350 tons each for a large polystyrene and polyethylene pellets converter in Manaus. This plant installed storage of 8,400 tons of plastics in total, becoming the largest bulk storage capacity for plastics in Brazil. Several large supplies not related to plastic production were also made. In 2011, a large converter of polyethylene using both recycled and virgin granular resins expanded the storage capacity to 20 silos at its plant in Minas Gerais. Zeppelin Brazil once again showed the scope of its activities with the supply of additives for the Brazilian industry.

In 2016, Zeppelin provided a large bakery manufacturer in the State of São Paulo with a handling system of macro, medium and micro ingredients and liquids. Finally, in 2018, Zeppelin Brazil managed to engineer, manufacture and deliver five cookie dough raw material and mixer feeding lines in record time to a major manufacturer of baked goods in Brazil.

Zeppelin Brazil team forming the Zeppelin logo



Source: Zeppelin Systems Latin America.

In addition to its clients in Brazil, Zeppelin Systems Latin America has also supplied a series of integrated systems for the handling and neutralization of boiler ash to the Middle East. The strong dedication, training and professionalism of the Zeppelin teams were also recognized on several other occasions, in which customers commissioned the manufacturing of high-quality product requirements, for example, for power generation for the navy or for equipment and vehicles for the metro and monorails.

For more than 40 years, Zeppelin Brazil has been capable of putting together a great number of technological and human resource assets that have enabled the group to design custom-built complete material handling plants for the petrochemical, foods and rubber industries. Besides, the workforce at Zeppelin Brazil has acquired an excellent reputation across the continent.

Because of the difficult times Brazil faced during the crisis around 2018, several experienced Zeppelin employees from São Paulo were relocated to Zeppelin operations in Germany and the United States. This relocation was motivated not only by the desire of the employees themselves to work and live outside Brazil, but above all, by the intention at the German headquarters to make good use of the accumulated expertise of these engineers and technicians in very specific technological issues.



Source: Zeppelin Systems Latin America.

German Cultural Aspects as seen by Brazilians

During the first years when Zeppelin Brazil was managed by Zeppelin Germany, the main priority was survival of the business, due to the critical market situation found in Brazil in the late 1990s. Between 2000 and 2002, a new business unit-oriented structure was developed by the management in Brazil, making it possible to return to profit. This required a restructuring of the responsibilities, enforced through computational tools, including cost accounting in the form of an Enterprise Resource Planning System (ERP), as well as an intensive organizational restructuring and process ownership training.

Because of the excellent relationship between the German headquarters and petrochemical decision-makers in Europe, several industrial project installations in South America were acquired very quickly. Zeppelin's good reputation in Germany plus the local workforce capabilities at the Zeppelin Brazil plant in São Paulo were the two most powerful aspects responsible for securing these projects at that time.

Of course, international clients doubted whether the South American Zeppelin organization would be able to supply high technological goods such as silos, rotary valves, filters and all types of controls with the same or similar quality that they were used to from the headquarters in Europe.

The challenge for Zeppelin Brazil was to use a healthy mix of imported and locally sourced components together with local engineering in order to provide systems with reliability, functionality and timely delivery that were similar to those of the German headquarters. The success of the local manufacturing operation in Brazil was closely related to the general work capability of the people within this organization to produce high-quality work in every respect at a level similar to that of their German colleagues. Therefore, the management of Zeppelin Brazil set up a special program for all employees to strive for quality in their everyday work. This would help the German headquarters to see the value of the employees in their sister company, building trust between the organizations. Some examples of this cooperation and trust-building can be seen in the following photos.

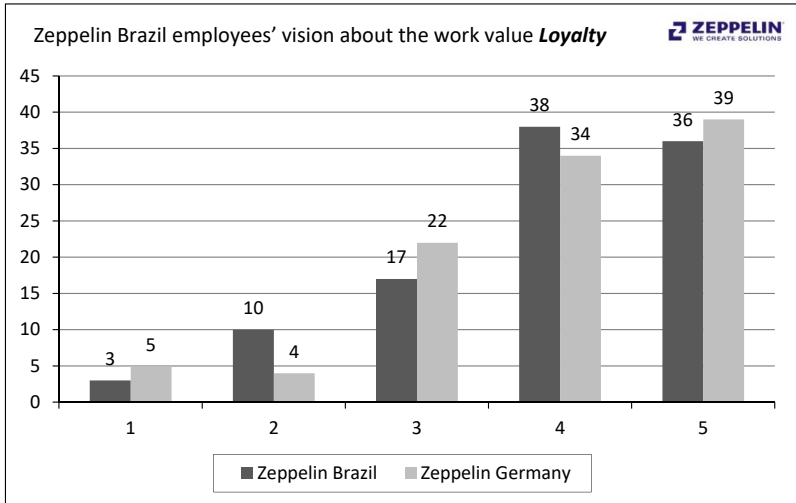


Source: Zeppelin Systems Latin America.

In the early 2000s, there was no empirical evidence that the Brazilian Zeppelin team would push the value factor of quality as the main commonality with the headquarters in Germany. Only in February 2019 was it possible to formally evidence the shared work values between Brazilian and German employees when more than 100 employees at Zeppelin Brazil answered a survey. The main objective of this survey was to pinpoint statistical evidence on how Zeppelin Brazil employees see their German colleagues and how they see themselves with respect to several stereotype values which might evidence some form of commonality. (*Composition and scope of this survey can be found in appendix 1*).

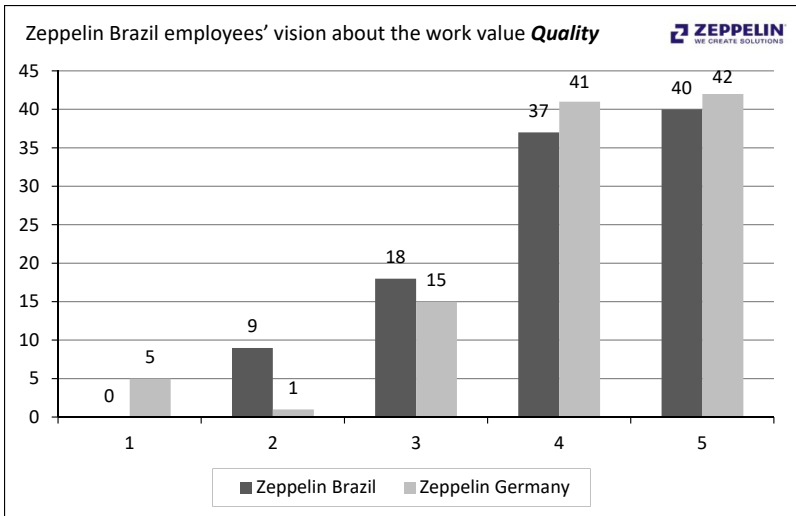
The application of the survey showed that the main commonalities between the Brazilian perception of Germans and their own perception of themselves were quality, reliability and punctuality.

Zeppelin Brazil survey – work value Loyalty

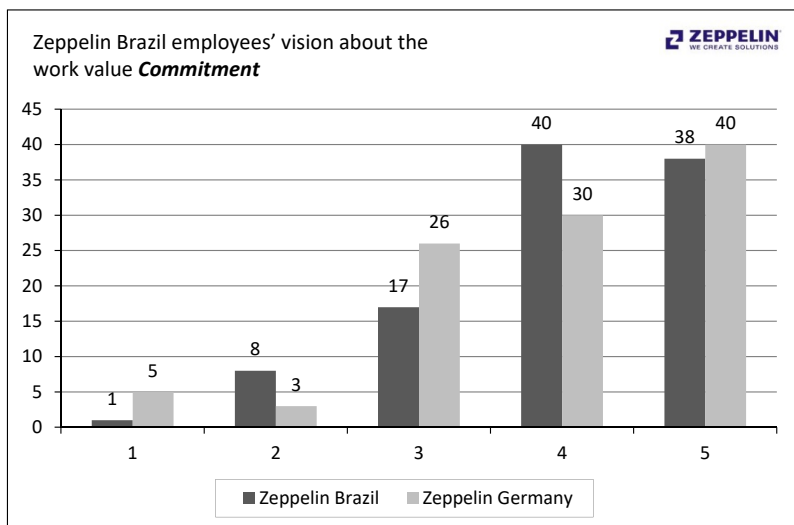


Source: Own representation.

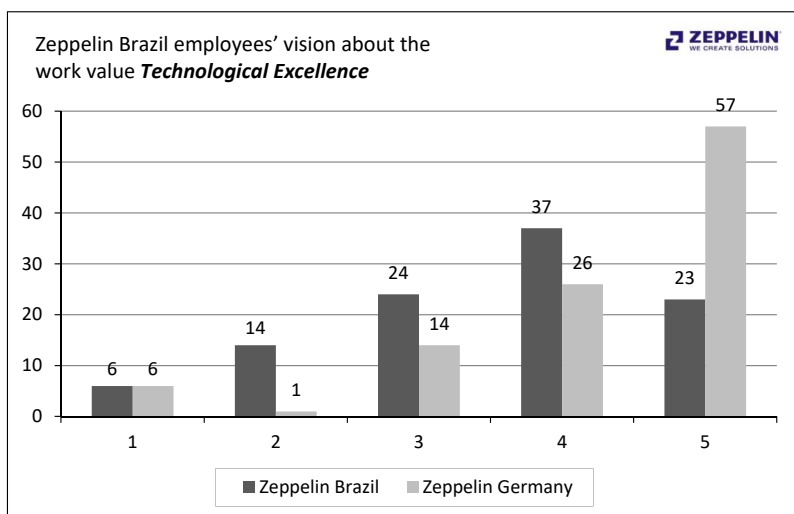
Zeppelin Brazil survey – work value Quality



Source: Own representation.

Zeppelin Brazil survey – work value Commitment

Source: Own representation.

Zeppelin Brazil survey – work value Technological Excellence

Source: Own representation.

In each case, the perception of the South Americans is that their German colleagues are slightly more quality-oriented, more reliable and punctual than they are. On the other hand, the main difference between them is obviously their perception of technological excellence. Zeppelin employees in Brazil perceive their German colleagues as being 16% more focused on technological excellence than they are.

The survey also shows that the employees at Zeppelin Brazil regard Brazilian workers as more proactive and capable of performing more than one task at the same time than their German colleagues. Yet German employees are in general seen as being slightly more focused on productivity and profitability than the Brazilians. Additionally, Germans are regarded as being more organized, disciplined, punctual, perfectionist and fond of planning.

Using the above-mentioned statistics and especially the strong values that were found as convergence values requires local management to focus on developing these capabilities among the team. A similar survey is to be conducted at Zeppelin Germany in the near future in order to analyze possible reciprocity between Brazilians and Germans.

8. *Working together*

The quest for mutual acceptance and fruitful teamwork is time-consuming and every visit and even short telephone calls and conferences are used to make small steps forward. During each visit of any operational German colleague, a short presentation is made to encourage face-to-face contact with the German or international colleague, in order to compare the possibly different approaches used towards problems related to the same set of services or technological challenges. The atmosphere of these presentations is always very casual, and a Q&A session always follows. This procedure allows the visitor to transmit information and share his knowledge about how products and services are handled at the headquarters or a sister company. But it also encourages locals to freely question the solutions presented and their background. The interaction between transcultural teams allows for the exchange of lessons learned and deeper discussions of root cause analysis to common problems.

Of course, the personal contact between the technical teams and the ease of future communication is surely the main benefit for both parties.

“What are the keys to successful transcultural cooperation? While international negotiation platforms fall short to make impressive accomplishment and to give an answer to the question, intercultural art productions provide positive examples.” (CfGCR 2012)

In order to facilitate intercultural exchange and closer contact, Zeppelin Brazil regularly organizes a barbecue type “churrasco” with all employees, especially during visits by international colleagues, whenever possible. During most of these events, music is performed by the teams themselves. Many times, during visits of the German management to Zeppelin Brazil, the German colleagues (sometimes even the CEO) pick up a musical instrument e.g. a guitar and perform some well-known songs (e.g. by the Beatles, Rolling Stones etc.) together with Brazilian employees. Such a performance gives the team the opportunity to interact and everyone easily feels included as part of the team.



Source: Zeppelin Systems Latin America.

9. *Conclusion*

With the above examples and description of business development on different continents we have tried to show the importance of commonly and generally accepted corporate values. Such values make integration into international teams easy for each employee, yet they also enable the management from different countries to guide their employees and teams through a firm set of values. Cultural differences are replaced by cultural commonalities to leverage success stories within a company group as well as with other companies and customers worldwide.

With a strong commitment of each employee within Zeppelin Group worldwide to corporate values, it has been possible to replace cultural differences with cultural commonalities and to leverage success stories. Using the motto “We are Zeppelin” as the guiding principle for every employee it has been possible to build multicultural teams of excellence.

Appendix 1

Questionnaire for Zeppelin employees in Brazil

This survey was created based on an article that seeks to demonstrate, in an empirical way, the similarities and differences between the work values of Germans and Brazilians. This article, which contains no statistical data to demonstrate its point, reinforces some stereotypes of German and Brazilian behaviour. Based on the information found in this article, a questionnaire containing two different sections was created and made available on the internet so that employees could fill in their answers anonymously.

In the first section employees should express their opinion on the values of Zeppelin Brazil and Zeppelin Germany, assigning a score on a scale of 1 to 5 to such values.

In the second section, the employees should analyze some statements about the work values of both Germans and Brazilians, saying whether they disagreed, agreed partially or agreed totally.

The complete questionnaire was as follows:

Values concerning professional environment

We want to know your opinion about the values of the work environment. It will only take a few minutes and the survey is completely anonymous!

Values of the JMB employee

Assign a score from 1 to 5 for the following JMB worker values, where 1 represents the lack of that value and 5 represents a strong value. Mark an X in the score that you consider most appropriate.

1	Quality	1	2	3	4	5
2	Commitment	1	2	3	4	5
3	Loyalty	1	2	3	4	5
4	Technological Excellence	1	2	3	4	5

Values of a Zeppelin headquarters employee

Assign a score from 1 to 5 for the following Zeppelin headquarters worker values, where 1 represents the lack of that value and 5 represents a strong value. Mark an X in the score that you consider most appropriate.

1	Quality	1	2	3	4	5
2	Commitment	1	2	3	4	5
3	Loyalty	1	2	3	4	5
4	Technological Excellence	1	2	3	4	5

German employees versus Brazilian employees

Analyze the following characteristics of a Brazilian worker and a German worker and mark an X in the option that you consider most appropriate.

Item	Description	I disagree	I partially agree	I totally agree
1	The Brazilian employee is organized			
2	The German employee is organized			
3	The Brazilian employee is disciplined			
4	The German employee is disciplined			
5	The Brazilian employee seeks perfection in his or her activities			
6	The German employee seeks perfection in his or her activities			
7	The Brazilian employee can do several activities at the same time			
8	The German employee can do several activities at the same time			
9	The Brazilian employee always seeks to be punctual			
10	The German employee always seeks to be punctual			
11	The Brazilian employee values the planning phase in his work			
12	The German employee values the planning phase in his work			
13	The Brazilian employee works proactively			
14	The German employee works proactively			
15	The Brazilian employee works with a focus on productivity and profitability			
16	The German employee works with a focus on productivity and profitability			

*Choose the option you consider most appropriate
in the following statements:*

The Brazilian employee values more:

- Quality
- Creativity

The German employee values more:

- Quality
- Creativity

In your opinion, when it comes to hiring, Brazilian companies' value more:

- Accumulated experience over several years
- Degree

In your opinion, when it comes to hiring, German companies' value more:

- Accumulated experience over several years
- Degree

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What Makes a Successful Leader in the Brazilian-German Context?

Rolf-Dieter Acker

Many different success factors are mentioned in the literature dealing with how to operate and how to perform as a respected and successful leader in Brazil and other regions outside Europe. In this chapter, I want to give a resumé of my practical experience in more than a decade in Brazil summarized into just a few bullet points as general guidelines rather than a general paper on transcultural leadership.

1. Transnational company organization

Companies who operate in different regions are often structured in a way that their subsidiaries in the countries act as local companies in addition to the legal country requirements. Those subsidiaries in all the regions in the world create the diversity of a transnational organization and keep the discussion lively in terms of how to act, how to do business and in their understanding of society issues. It is always stimulating to exchange ideas based on a different cultural background and, within companies, it is certainly considered to be an advantage and an enrichment.

On the other hand, there is also a risk of misunderstandings. Speaking the language is the gateway to understanding the culture. Therefore, in Brazil the official language of a transnational company should be Portuguese. Only in communications with the headquarters should German or English be used. In HR, too, there are specific local requirements, e.g., regarding educating and training the local staff. Finally, the overall international mutual understanding is based on the compliance rules and the code of conduct as both have to follow international ethical standards (see below).

2. *Market behaviour*

In Marketing & Sales success is very often based on establishing a personal relationship with the customer. Networking is key in Brazil. Product advertising concepts must also be aligned to the cultural environment and even corporate advertising has to be adjusted locally. This not only applies to Brazil, but to many other foreign cultures around the world.

3. *Leadership behaviour*

Brazilians are generally positive-thinking and warm-hearted, eager to learn, easy to motivate and very open to change. They also have a strong technology affinity. In Germany we often emphasize the negative impact of a technology whereas in Brazil the focus is on the opportunities it might afford. One certainly very positive attitude is the ability to improvise at short notice, which helps in many critical situations.

A person coming from Germany to take up a leadership position in Brazil should add certain cultural elements to his leadership style because the Brazilian mentality is different: For historical reasons Brazilians still have rather strong hierarchical tendencies, the person at the top is the opinion leader. Before an open discussion can be entered into trust must be developed and personal leadership established. One source of cultural misunderstandings is day-to-day business communication: Germans tend to articulate their criticism directly, which often comes as a shock to Brazilians. In their culture, criticism or even different opinions are expressed in a more indirect, softer, manner. As a consequence, project problems, responsibility and personal emotions can easily be mixed up. In general, leadership in Brazil is not too difficult because Brazilians feel close to the European way of doing business.

4. *Compliance and codes of conduct*

To introduce and follow standards it is important to have regular training, especially for new recruits. There are always two steps to success: first to convince the employees of the rationale for the rules and second to ex-

plain in regular training sessions what exactly to do and how to behave in certain situations (e.g., safety regulations in production plants).

*5. In a nutshell –
Dos and Don'ts for a German leader in Brazil*

1. Be authentic: Adapt to Brazilian culture. But on the other hand, do not try to be more Brazilian than a Brazilian.
2. Be careful with discussions about politics and religion (it is quite easy to offend your counterpart).
3. Be careful with jokes (the sense of humour is different; the levels of cultural understanding are not the same).
4. Most important: Always be aware that, as a leader, you are a role model.

Transcultural Leadership and Innovation Management in Practice in Brazil

Martin Teigeler

Brazil – a little piece of heaven. Beautiful landscapes, stunning beaches, friendly people, and so much more. But where do you find yourself in terms of leadership & innovation when doing business in this country as a European? I would like to give you some insights from my personal working experience in Brazil. Although media reports about Brazil emphasize the chaos to be found there in terms of crime, politics, and corruption, my personal experience was all about the unique people and their capabilities. My family were expatriates in São Paulo for roughly three and a half years, from 2014 to 2017. But we not only worked in São Paulo, we also lived a normal life and travelled a lot within Brazil. My job was to lead an international engineering team with local subsidiaries in Mexico, Spain and India. All managed from the headquarters in Brazil. It was a unique cultural challenge to bring together Indians and Brazilians into a successful team. But my career had also given me the opportunity to lead teams in many other countries such as the United States, Japan and, of course, Germany. All this experience gave me a special insight into global cultures, and I feel able to judge and compare. I would rather tell you my story about my years in Brazil in simple words and let you decide what you can use from it. I will also point out some key lessons learned during this time. This is my unique experience, and one that I'm proud of. It will definitely not reflect on all of Brazil, especially when you look at the tremendous size of this country. My story is mainly about the people of São Paulo. Those from Rio de Janeiro (Cariocas) might have a different view on some of my findings.

At the beginning of 2014 when I signed my contract, Brazil's economy was on the up. BRIC was the acronym for the four countries – Brazil, Russia, India and China – that were experiencing a rapid economic rise at that time. My airplane landed in Brazil in autumn 2014, and the economic crisis arrived on roughly the same day. Nowhere in the world have I found economic peaks and troughs, like I found in Brazil.

The next three years were the most exciting years of my business life. There were daily struggles for the survival of the business, maximizing EBIT and market share, and creating new business opportunities. I also had to protect the team from the impact of the declining market. Your role as a leader in Latin America is definitely different from the same job in Europe. In Brazil, leadership includes much more social responsibility for your team.

Here is perhaps the first lesson for anyone who wants to do business in Brazil: If you send an expat as a leader, send someone who has a clear understanding of leadership and is an optimist. Send someone who will take care of the team, not break down when things get rough, who looks for opportunities, and does not want to go home if there is an actual tank in front of the plant to protect you from the works council.

The team that I took over in Brazil was fascinating and diverse – from the workers to the leadership team. While Europe and rest of world talks desperately about inclusion and diversity, these things are normal life in Brazil. My company employed people with all different ethnic backgrounds and skin colours. Women in leadership were common. And I had the unique pleasure to experience a weekly *jour fixe* with a team with roots in Italy, Germany, and Korea. When a German engineer is convinced there is a solution, there is still room for discussion on what other aspects are available that might lead to a different solution. This is not always convenient but convincing if you start to allow it.

My second lesson from this is: If your company is set in its ways, entrenched in traditional patterns of behaviour or you need diverse thinking, the people of Brazil are a wonderful resource pool. Following standard trends, it's considered modern and stylish to open an office in Berlin or China, but you should also think about opening a think tank in São Paulo.

Let's talk about leadership for a little bit: Leading a team of several hundred people in a crisis is certainly not a piece of cake. But clarity and a common goal give orientation and direction to everyone. Keeping

business alive with support from everyone was our objective, so we did not have to cut further positions. This was clearly communicated and discussed with the teams to ensure it was understood and supported by everyone. Being bold is one of the current buzzwords in Europe. But realizing it in day-to-day business can be difficult in Europe. Comparing economies and employees you clearly see that many people in Europe, and especially in Germany, are more comfortable or satisfied than in developing countries.

The third lesson I learned: The willingness of the team in Brazil to go the extra mile was an outstanding experience I'll never forget. Not many people will associate Brazil with innovation management. There are two key requirements for innovation: An atmosphere that allows innovation. One that is not blocked by middle management tiers and long decision-making processes. The boldness to just 'go for it'. The team in Brazil accepted the new leadership style of my former company because they were keen on continuous learning. I have never seen so many people, of all ages, still furthering their education after the working day ended. I found myself working very closely with all my employees – creating think tanks for new business ideas such as how to support our customer with digital solutions. We moved quickly from discussions on how to do it to the execution phase.

The fourth lesson I learned: Daily learning is very important, and I have never seen a set of people striving so hard to achieve it as in Brazil. They have the mindset and the clarity to simply pursue the next adventure. This mindset also results in something that we Europeans can hardly understand. Even when they are behind schedule, when the task force is tired, and the quality gate is way overdue...the Brazilians will make it.

Where Germans would delay the quality gate, the team in Brazil gets to work and completes the task on time. In Germany, this is a behaviour we joke about a lot but never ask ourselves how this happens? In Europe we think that this is a new method; we call it being agile. But this way of working was already being practiced by my team in Brazil. Synchronizing tasks, getting customer feedback at the start and during execution, working cross functionally...were all used when the pressure was on.

Finally, it goes without saying that not everything is wonderful and perfect in Brazil. There are many hurdles and other challenges that arise daily in business. I would love to have my CFO write a passage on the world's most challenging tax system, for instance. But from working in

Brazil on a daily basis and comparing my experience to the rest of the world, I will say that there is a lot to learn from the unique community of Brazil. And I definitely have to say thanks to all the people I met during my time living and working in Brazil. You made my stay an outstanding experience.

Brazil: The Melting of a Melting Pot from a Historical and Personal Perspective

Martin Kunze

1. Introduction

When we talk about culture, we normally think of a combination of factors that characterize a certain group of people such as their language, beliefs, music, food, social habits, collective memories, arts, rituals and so on.

These factors are not static. They suffer changes from within, as joint experiences and developments take place. Or from outside, when different cultures encounter and influence each other.

Curiosity and necessity have kept humankind moving throughout its history, thus creating and spreading new cultures. Environmental changes, wars, the pursuit of economic interests, politics and technological advances have been driving forces for globalization and transcultural phenomena for thousands of years. Many of these changes are now speeding up and one thing is certain: the effect is fast enough for us, in our own lifetimes, to experience the appearance of new cultures and even new nations or the radical change of existing ones.

Any attempt to describe the culture of a country or a transcultural process taking place runs a considerable risk of missing this moving target. Furthermore, there are biases and stereotypes that often outlive these transformations for a long time – or have never been true from the outset – preventing a clear or fresh view of reality and distorting the transformational effect of transcultural processes.

The “Transcultural Leadership Summit – Brazil” (TLS) organized by Zeppelin University in November 2018 was a great opportunity to share experiences and discuss these aspects from a German-Brazilian perspective.

Knowledge, experiences and different perspectives are essential for a quicker, more profound and more open-minded understanding of any culture.

Having a very strong connection to both German and Brazilian culture and history, I will use this short paper to share some insights, situations and historical knowledge that I have gained over my lifetime and that might help others to look at Brazil – and other places – from a different perspective.

The paper was conceived prior to the TLS during the very polarized atmosphere of Brazil’s 2018 general election. Between then and the publication of this article the result of the election will have become clear and many things may be changing because of decisions, policies and attitudes of the new Parliament, new Governors and a new President but also because of other national and international events. The content was not (and will not be) revised to reflect the consequences of the outcome of the elections as it was meant to create an understanding of where Brazil stood in 2018 and how it got there.

When referring to my own history or that of my family, I have tried to stick to those parts that I believe to be representative of our generation as a whole or of the part of the society I lived in.

2. *A historical perspective of Brazil until WW II*

2.1 *Brazil from arrival of the Portuguese in 1500 until mid 19th century*

Unlike the Spaniards in Peru, Bolivia or Mexico, the Portuguese, when they landed and took possession of Brazil in 1500, found no civilizations nor valuable raw materials such as gold or silver. Therefore, the early stages of colonization were mainly based on exploiting timber, principally Pau Brasil, used in Europe to produce red pigment and which eventually led to the name of the country. This purely extractivist economy required no major investment and used local Indians as its workforce.

During the 17th and 18th centuries the production of tropical crops – in particular sugar cane – became a predominant economic factor, requiring both investment and much more manpower, which led several million Africans to be brought to Brazil as slaves (cf. *Slave Voyages* 2019), while local tribes, living mainly along the Brazilian shore, were largely decimated by disease, wars and miscegenation.

Until the middle of the 18th century the North-East remained the centre of economic and political power with Salvador da Bahia being the capital of Colonial Brazil for 200 years. But then a short but very intense gold cycle, peaking from 1750 to 1780, took place in Minas Gerais. It led to a further massive influx of slaves but also to an unprecedented number of Portuguese – around half a million – coming to Brazil (cf. IBGE 2000a). This represented, in half a century, more than double the number of Portuguese that had come to Brazil in the first two centuries of colonialization and made Vila Rica, today called Ouro Preto, the centre of this gold cycle, one of the biggest city of the New World at that time (cf. *Gold Policy*).

By 1800 Brazil's population was close to 4 million inhabitants (cf. IBGE 2000b), with Africans and their descendants constituting around half of them.

2.2 Rio de Janeiro becomes the new capital of Brazil

A major change took place in 1808, when the Portuguese crown, fleeing Napoleon's troops who had conquered Europe, moved to Brazil with its entire court, making Rio de Janeiro the new capital, not only of Brazil but of the entire Portuguese empire. It is impossible to understand Brazil without recognizing the major implications of this event.

All of a sudden

- the centre for decisions and power moved almost 2,000 thousand kilometres south, a long distance for those times,
- a huge amount of royal treasures and habits arrived with the 16 ships that carried the entire court, (probably around 10,000 or more people), including dukes and lords, arts and artists, music and musicians, scientists, ministers, knights, cavalry and hundreds of thousands of books. And along with them, the crew that sailed the ships and the English fleet that was giving protection (cf. *Monarquia* 2020),

- Portugal had to meet two game-changing conditions that the British had imposed to protect the King's fleet on this epic escape: all ports had to be opened to trade with England (which ruined Portugal, by the way) and slave trade had to be stopped.

The King returned to Portugal in 1820 but his son remained in Brazil, declared independence from Portugal in 1822 and Rio de Janeiro remained the hub during the entire century, in which Brazil experienced massive social transformation, saw a strong influx of immigrants and saw its population quadrupling to over 17 million people by 1900 (cf. IBGE 2000b).

It was a period of intense intellectual, cultural and technological exchange with Europe, mainly England and France. Brazil started to have its own national museums, faculties for medicine, engineering, scientific expeditions, arts; its own finance and banking system; railways; conversion of public lighting to gas; sanitation and urban infrastructure projects – all of which kept Rio de Janeiro and other Brazilian cities in close connection with what was happening elsewhere in the Western world.

2.3 Immigration and early industrial development of Brazil

Of the over 55 million that left Europe between 1820 and 1935 to try their luck in the Americas, approx. 70% went to North America (Baily & Míguez 2003). Immigration to Brazil started later than to North America and peaked between 1880 and the beginning of the 1st World War in 1914 (cf. IBGE 2000c). In this period an average of around 100, 000 new immigrants per year were arriving meaning that, between 1855 to 1925, the Brazilian population grew by some 3.5 million, the majority of whom were Italian, Portuguese and Spaniards, followed by Germans and a considerable number of Syrians and Lebanese. They settled predominantly in the Southern States (Rio Grande do Sul, Santa Catarina Paraná and São Paulo) where knowledge and entrepreneurship brought by immigrants combined with the demands of a rapidly growing population, a relatively free market and the capital generated from agricultural products promoted a new cycle of growth and industrialization.

By the late 19th century, coffee started to play an important economic role. The State of São Paulo, with its ideal climate conditions and exten-

sive areas of very fertile land, started to become a magnet for enterprise, jobs and, consequently, also culture.

Following political trends in Europe and internal pressure, the Brazilian monarchy was abolished in 1889 and a republican system proclaimed and installed.

The first half of the 20th century was marked by events such as WW I, hyperinflation, the great depression and then WW II. The young Federal Republic of Brazil certainly felt the impact of these events but continued to see vigorous growth, especially in the South and São Paulo, whose relative importance continued to increase. A new facet of Brazil emerged, forged by immigration and immigrants. Culturally, it was quite different from the one of the colonial phases centred in the North-East, the one of the short gold rush in Minas Gerais and, more recently, the phase in which the monarchy reigned from Rio de Janeiro and freed Brazil from Portugal.

3. Integration and industrialization in the 1960s and 70s: The melting pot starts melting

3.1 Preamble

The short introduction to Brazilian history presented above provides the background to reflect upon some facts and common clichés that often prevent a quicker, broader and deeper perception of what Brazil is all about.

I will now focus separately on events from 1960 onwards mainly because this is the period that most strongly shapes present perceptions and because it is the period I witnessed personally. I will start by briefly introducing how my family ended up in Brazil.

3.2 100% Brazilian, 100% German

The roots of my ancestors are in Germany. Most of them came originally from somewhere in Prussia, where no one of the family ever made it back to.

My paternal side came to Brazil as early as 1860 and, thereby, was among the earliest Germans to arrive. My great-grandmother was born in

Joinville, where she met and married my great-grandfather and had two sons. After moving back and forth between Germany and Brazil, the whole family eventually settled in São Paulo, a place offering plenty of opportunities and where a “Deutsche Schule” (German School) has existed since 1878. It still exists today and has over 5,000 pupils, of whom only a very small proportion has a truly German background or passport.

On my mother’s side, it was my great-grandparents who came to Brazil early in the 20th century. After a failed attempt to grow rice in a southern part of the State of São Paulo they also ended up in the State capital, São Paulo, where they pursued different jobs and started a family from rather humble conditions.

I was born in São Paulo in 1958 as the youngest of three sons. We all spoke German with our parents and grandparents, but Portuguese among ourselves and to everybody else. We attended school at one of the five offering a German curriculum and we all went on to graduate as engineers from one of the local universities. My youth, adolescence and studies in Brazil were exciting, fascinating and free as can be. Germany, where we had no relatives at that time, was to me just a grey and dull place that didn’t attract me at all. The 1960s and 70s were also a period in which the world started to become more interconnected and accessible thanks to air transport, TV, music and tourism. By the time I had finished my studies, I had seen quite a bit of Brazil and some parts of the world.

As I wanted to see more, I managed to be recruited by a company that sent me straight to South East Asia. So, in 1983, at the age of 23, I set out for the middle of Sumatra, where I spent three years, followed by another three in Calcutta, still working for the same French company. Indonesia and India were perfect countries for a deep transcultural experience. On the one hand, they were so different from Brazil: different languages, food, dress, ethnic constitution, hardly any Europeans or Africans, a huge Muslim population, longer history, a different educational system and different social references. At that time there were no means of staying in touch with friends or family other than by writing letters which, in Brazil, people had lost the habit of doing. One had to live in the here and now. Still it all felt very natural.

But these countries also had some similarities with Brazil: huge territorial masses, large populations, big cities, a colonial past, lots of tropical forests, massive deforestation, economies in the early stages of industrialization, radical transformation processes, a huge contrast between urban

and rural, a large gap between rich and poor, a very friendly and welcoming population, hard-working people, strong family bonds.

After these nomadic years I felt like reconnecting to more familiar places. I quit my job to go to France and Switzerland, and, only then, and by chance, did I eventually (re)connect with my German roots: I accepted a job in Germany, I spent the next (by now almost 30) years of my professional life working for German companies, I ended up marrying a German and we speak German to our son, who is being brought up both in Brazil and Germany.

At first Germany was a cultural shock for me because I never expected Germans to love partying, carnival, football, leisure, family and nature as much or even more than Brazilians. Besides this, the factories that I saw in the course of my professional life often looked less modern than the ones I was used to seeing. Nowadays I am very fond of Germany, a place where I feel very comfortable and that has taught me a lot about tolerance and about the balance between work, family, engagement in the community, leisure and culture.

3.3 Putting the 1960s and 70s into perspective

Let's stop a minute to think about a few things that were happening in those two decades – the 1960s and 70s – in which I was growing up in Brazil.

The horrors of the WW II were over, but the cold war was at its peak. The two superpowers, USA and USSR, were fighting for influence all over the globe, interfering in local economies and politics on all continents. Nuclear powers were pointing warheads at each other. The Vietnam War was horrifying the world and intensifying the polarization between Americanism and Anti-Americanism. Politically motivated kidnappings, acts of terror and revolutionary movements were inspiring young people while conservative repression became a reality in many countries. Germany had its share of these conflicts, as did Brazil with a repressive, non-democratic military rule from 1964 to 1985.

But it was also the time in which American and European multinationals expanded tremendously and established themselves, mainly in Brazil and in other Latin American countries. Where else could they have gone?

3.4 *German companies flock to Brazil*

When German companies started to recover after WW II, Brazil was a logical choice: despite the huge proportion of the population that was not European, it had developed over the past 500 years in close connection with Europe, it had a mostly European mentality, a European legal system and, more importantly, a prosperous economy with a young, well-educated population. Believe it or not, it already had a good education system. Therefore, Brazil will certainly have felt much more familiar than anywhere else in the world – and much safer for an investment than Europe itself.

In a fairly short period, all big German companies started to establish local subsidiaries and production sites in Brazil. Bayer, BASF, VW, Mercedes, Siemens, Voith, Bosch, Thyssen, Krupp, all set up shop in São Paulo, which at the time became the biggest agglomeration of German industry anywhere in the world.

An often-forgotten aspect of this process is that it was not based on a new wave of immigrants but entirely on a local workforce, from the office clerk, to the quality expert, chief of engineering and factory manager, often all the way up to the CEO. I can say from my time at VOITH, where I worked during the last years of my studies, that its big, modern and verticalized factory, producing highly sophisticated equipment for hydroelectric plants and paper mills, then the biggest in the world, had over 3,000 workers of whom the only Germans I ever met was a technician in the training workshop and one of the Directors. The CEO and all other Directors were already settled in Brazil, as were all the engineers I worked with. VOITH was not an exception.

So, to me it is difficult to understand why, over 40 years later, I hear so many German executives questioning whether it is possible to find an adequate and trustworthy workforce in Brazil. Something must have got lost in between. Perhaps interest or modesty. Or the ability to find, attract, trust and develop good local professionals.

3.5 *The sudden integration of Brazil and the challenges of the explosive growth of São Paulo*

This also coincided with the period in which, for the first time, the entire country was being integrated through the construction of roads. The two main cities, Rio de Janeiro and São Paulo, had only been connected by the first Brazilian highway in the 1950s. Then, in the 60s, the construction of BR-2 (nowadays BR-116), a 4,000 km long road, suddenly connected Brazil from north to south, along the eastern side of the country. Around the same time a new capital, Brasilia, was built where there had been nothing beforehand, hundreds of kilometres away from any other important city. And then roads to and through the still scarcely populated Amazon region were cut. Thousands of kilometres long, thousands of kilometres away. Did (or can today) anybody imagine what type of transformation this could and did unleash?

To begin with, regions of Brazil that had spent a long time living independently and isolated from one another, with completely different economic, ethnic and cultural backgrounds, became umbilically connected with each other. Any person could hop onto a bus in the northeast, travel 2,000 or 3,000 km and be in São Paulo some 40 or 50 hours later. And they did. Hundreds of them. Every day. Tens of thousands of them per month.

To get a sense of what I experienced during my childhood and youth, one needs to imagine that, in 1960, when I was 1 year old – we had just moved to a house in a typical middle class neighbourhood with unpaved streets and no sewage – São Paulo had already grown to 4.7 million inhabitants and was receiving up to 1,000 new migrants a day. Ten years later, when I was 11, São Paulo had grown to 8.1 million inhabitants. An increase of 3.4 million people – a whole Berlin – in ten years. And then, in the next ten years, another 4.3 million, reaching 12.5 million, which is more than the combined population of the ten biggest cities of Germany today (cf. IBGE 1950; IBGE 1960; IBGE 1970; IBGE 1980; IBGE 2000d; IBGE 2010a). Anybody criticizing Brazil for bad urban planning and for a poor schooling system should stop to analyse whether the planning departments of their own cities would have been able to do a better job in coping with such massive changes and new needs that were continuously arising.

The challenge was enormous. Most people arriving were coming from poor countryside areas of the northeast, with little formal education and skills, but with a great hope and desire to improve their lives. For most of them it became a hard life, and urban infrastructure was hardly able to keep pace with what would have been needed to give everybody living conditions that we would describe as decent nowadays. Buses were packed and causing much pollution. People had (and have) to get up early to travel to their places of work, only arriving home again late in the evening.

At the same it is amazing that jobs were created for so many people, that so much infrastructure was put in place, transforming the city so quickly. People were catching up with their education and skills on the job, in internal company training and evening classes. There was reasonable social mobility, which in turn attracted more people. New highways, skyscrapers, suburbs, schools, restaurants, places to go out, ... nothing stood still. The image that comes to our minds is what has been taking place in Asia lately, in particular in Korea and China. And the comparison is fair, because after WWII Brazil spent several decades growing well above 5% and, in the 1960s and 70s, even above 10% (see Figure 1).

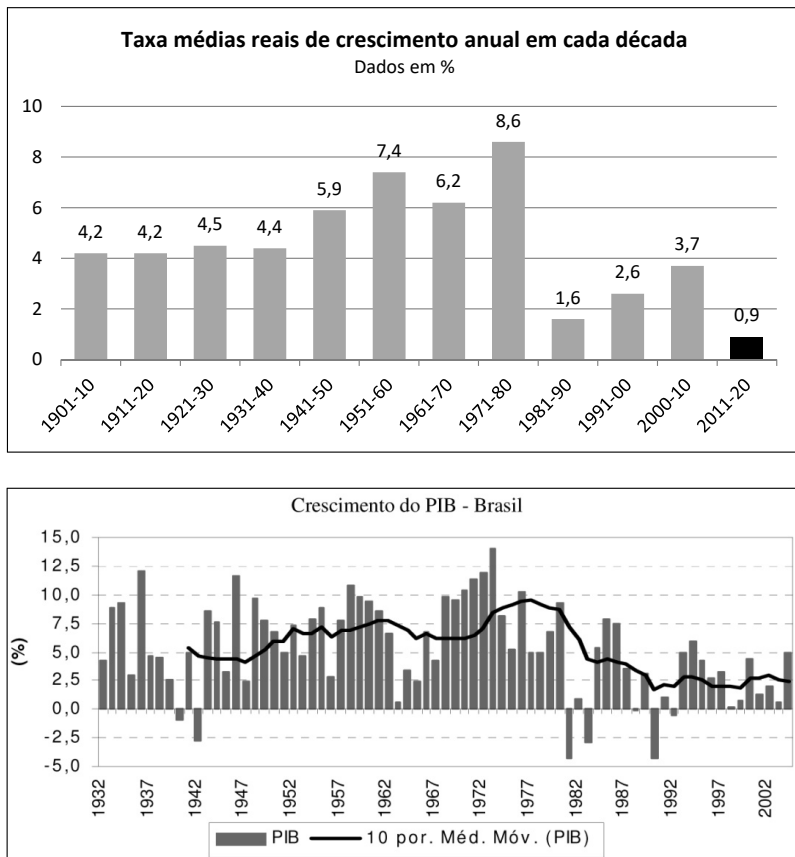
Lots of investment was taking place, modern factories were being erected and Brazil became an exporter of industrialized and semi-industrialized goods instead of raw materials and basic commodities, whose proportion fell from 80% in 1965 to less than 45% by 1980 (cf. Federico 2010). All along the supply chain companies and jobs were being created. With plenty of opportunities for the newly arrived, for a growing middle class, for the old and newly rich. Culture thrived.

3.6 The other side of the transformation

The same roads and freedom that allowed anybody to go anywhere to look for a job or to play his/her songs, also made it possible for anybody to visit any distant place in this huge country.

And so our generation did. We travelled thousands of kilometres north, thousands of kilometres south, thousands of kilometres into the country. Over roads that had just been built. Getting to know faraway places, some of which had, in the past, experienced periods of prosperity and others that were simply untouched. We met people who had hardly had any contact with modern technology, who lived very simple lives, in

Figure 1 – Average GDP Growth per decade & GDP Growth per year and averaged over 10 years



Source: Ibre/FGV; Ipeadata retrieved from Campos (2019); Carvalho & Lima (2009)

comparison with those in a big city. Most of them knew of São Paulo and Rio. Many of them dreamt of going there or had relatives there. Some had already gone and come back.

In 1976, I was 17, I sat for 70 hours in a bus to Porto Velho, 3,000 km away from Saõ Paulo, on the Rio Madeira, the fifth biggest river in the world by amount of water, that flows into the Amazon close to Manaus. I wanted to see the biggest rain forest in the world, the “Transamazonica”

road being built through it, rubber collectors, hunters, Manaus; float down the river to Belem, where the largest river in the world flows into the ocean. Ten thousand kilometres and two months later I was back in São Paulo, full of unforgettable impressions that still influence my life today.

The most fascinating aspect of these encounters is that, whoever I met, we all spoke the same language. We all felt and recognized each other as Brazilians. This is not obvious, given that Europeans and Americans that I meet for the first time often comment, “Oh, but you don’t look like a typical Brazilian!”. There was a freshness and spontaneity that seems harder to find nowadays. We were all curious about each other. The obvious and enormous differences in background, perspective and purchasing power did not cause distance or polarization. We were not feared as conquerors or exploiters, nor did we treat or pity others as poor or miserable.

But it was also obvious – and both sides felt the same – that, despite the richness, friendliness and innocent joy of these encounters, whether with a rubber collector in the Amazon, a “sertanejo” in the dry and harsh savannas of the Northeast or a simple fishermen on one of the many magnificent, and then still virgin beaches, that the clash of these worlds would exert enormous pressure on the habitat and lead to social transformations that would be difficult to control, as had so often been the case previously in history.

Still, when elements of all these cultures came together at once, they influenced and inspired one another, driving a very transformational period for music, arts and social life. The melting pot was being stirred vigorously.

3.7 The lost decade – “Game Over” for Brazil

Perhaps the most significant economic event that severely hindered Brazil in coping better with this huge transformation in the years thereafter was the debilitating debt crisis that was caused by unusually high interest rates between 1978 and 1985. Many of the development and infrastructure projects were financed by loans from foreign banks. The level of indebtedness had become reasonably high and inflation had been rising (to around 20%) since the beginning of the 1960s (cf. Ecen 1998).

But then, three major changes in the world economy took place that had a dramatic effect for Brazil and other emerging economies in the Americas:

- The oil crisis of 1973, when OPEC first used its monopoly power and increased oil prices by 400%, spreading recession all over the world (cf. Amadeo 2020).
- The end of post-WW II Bretton Woods economic order when, in 1973, the peg of hard currencies to the gold standard was abolished and, for the first time in history, countries started to get loans with floating interest rates, pegged to the Prime Rate (or Libor);
- In the early 1980s the American Government under Reagan drastically increased spending, pushing up interest rates to levels never seen before (cf. Ashton 2017).

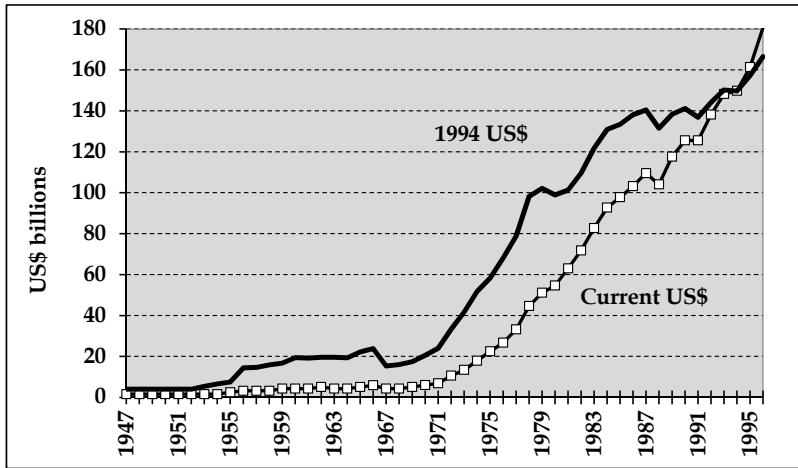
Brazil's trade balance worsened because the cost of imported oil went up while commodity prices were going down. Petrodollars piling up in banks were happily pushed on to Brazil, as elsewhere there was no growth or interest. Initially the total interest rate (Prime Rate plus spread) asked of Brazil remained comparable to what it was historically paying on its loans with fixed interest rates, but now they contained the trap of floating with the Prime Rate.

When Prime Rate suddenly jumped from around 5% in the 1970s to over 20% at the beginning of the 80s (cf. Ashton 2017, Baily & Míguez 2003), way above anything seen or imagined before, interest on the long-term debts taken up by emerging countries to finance infrastructure projects became unpayable. But the banks were not prepared to receive less interest from Brazil than they could now get from the American Government, which was creating jobs in America, stimulating the economy and trying to break the USSR, e.g., with the “Star Wars” programme. A huge amount of money was sucked into the American economy. The famous phrase “countries never go bankrupt” showed its most perverse face, as successive “rescue” programmes – like the Baker Plan – served mainly to maintain outrageous levels of interest payments, while increasing debt and syphoning out vital capital from developing countries like Mexico, Peru and Brazil.

In more concrete terms, in 1982 Brazil had an accumulated foreign debt of US\$100 billion and paid interest of over 20% (prime rate plus

spread), i.e., well over US\$20 billion. To do this, it had to get new loans and all the “new money” received went straight back as interest payments. So, the increase in Brazilian foreign debt from US\$100 to 140 billion from 1983 to 1987 is due mainly to these new loans to pay interest, not new investments (see Figure 2).

Figure 2 – Evolution of Brazil's total foreign debt



Source: Ecen (1998)

Ironically, although Brazil kept paying all interest and principal, a reputation of a bad debtor was constructed to infer that the country was itself solely responsible for having taken out too much debt. Bankers were obviously not interested in renegotiating the loans and managed to protect the banks' bottom lines (and bonuses), unfortunately inflicting enormous pain on the indebted countries that started to struggle with economic, social and environmental problems that are still felt today. For the sake of stability, social justice and joint prosperity in the Western world a timely renegotiation would certainly have been possible, fair and even wise. But South America was – and still is – too irrelevant for that.

In short: interest and foreign debt soared, capital for new investment disappeared, growth collapsed, inflation spiralled out of control and a

society that was just starting a new chapter in its history was torn apart, the dreams of an entire generation became difficult to realize and fertile ground for populist measures and leaders was created. Economists called it the “lost decade”, but for Brazil it turned out to be much more than that.

4. 30 years of democracy

4.1 New hopes with a new constitution, the taming of inflation and improvement of social indicators

Brazil returned to civilian rule in 1985 after years of popular uprisings called “Diretas Já”. A Constitutional Assembly crafted a new constitution, which was enacted in 1988, and since then Brazil has had freely elected presidents – or their constitutional followers, who take over when a president dies, resigns or is impeached (all of which have happened already).

On the economic front, after many unsuccessful, mostly heterodox and traumatic plans to tame the high and often explosive inflation (of up to 2,000 % p.a. between 1990 and 1993), the democratically voted “Plano Real” finally brought a reasonable amount of economic stability with a sustainable decline in inflation, which fell below 10% in 1996 and has been kept under control ever since (cf. Alfonso & Araujo 2014).

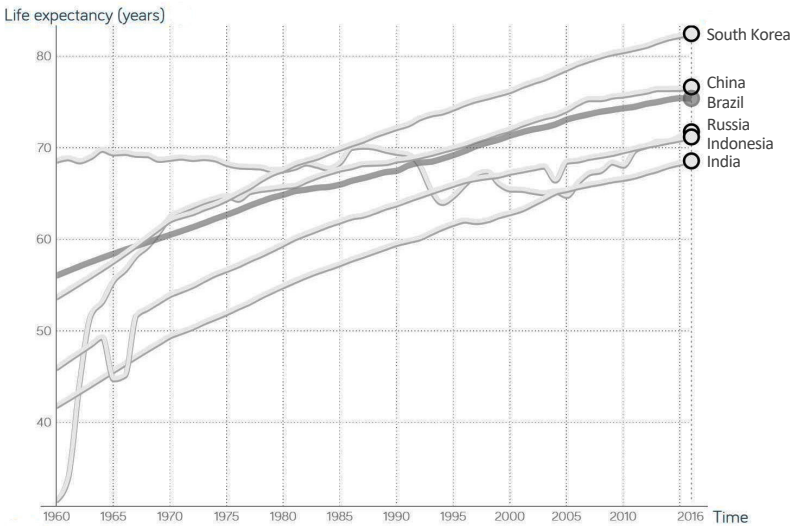
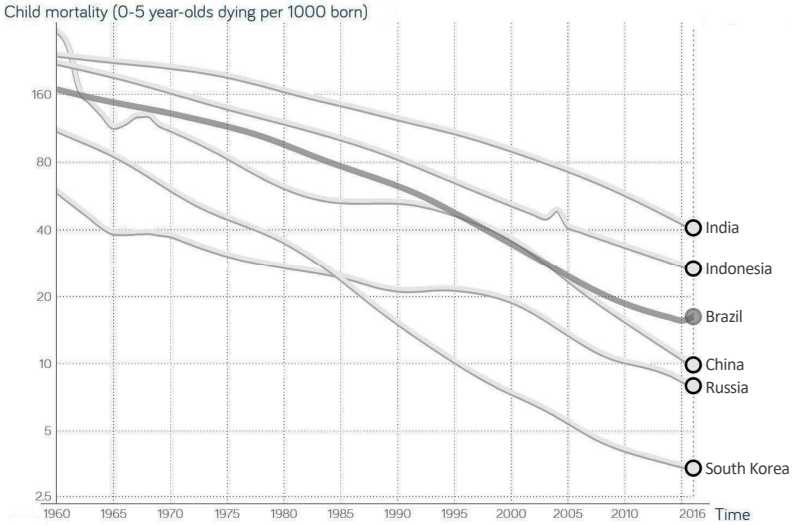
Nowadays there seems to be popular and political consensus that inflation is a vile way to tax all citizens without consulting them, that it hurts the poor more than anybody else and that it inevitably leads to inequality and wealth concentration. This is a huge conquest for a society. Other measures to ensure stability were a reduction in the government presence in the economy (which controlled most sectors during the military period), the restructuring of an ailing banking system (through a programme called PROER, which created one of the most stable banking systems in the world) and institutionalizing independent regulatory agencies.

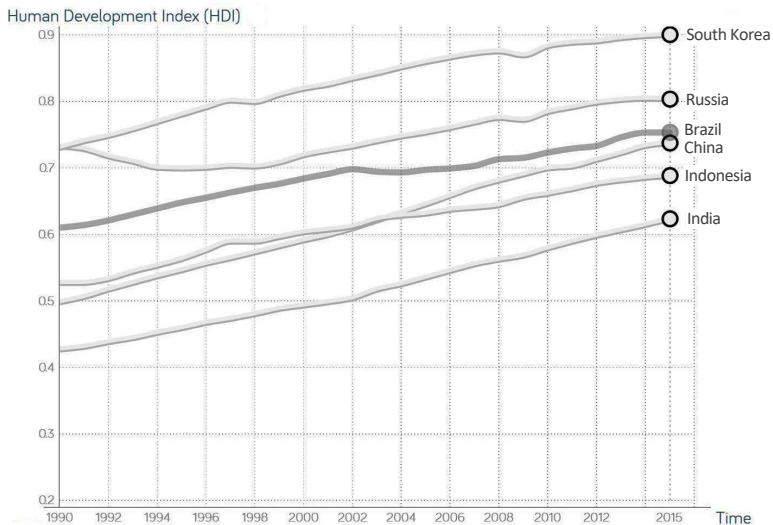
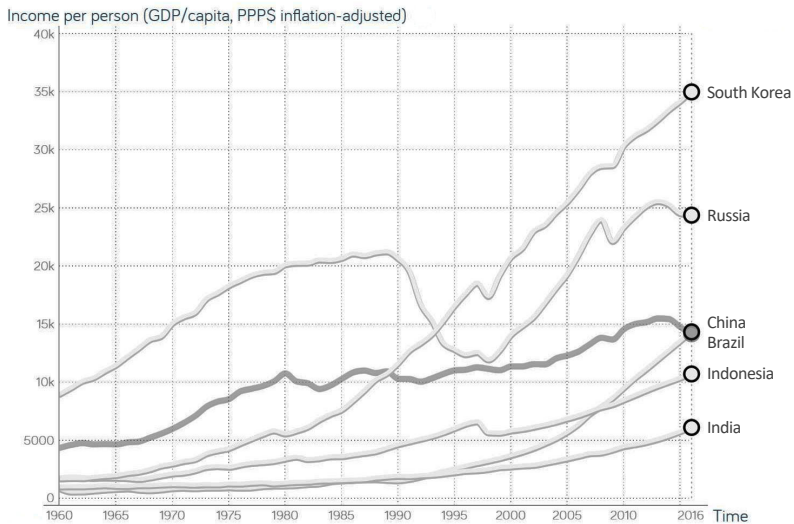
A base for sustainable growth had been created which, coupled with a series of social programs, allowed Brazil to continue improving social indicators such as child mortality, life expectancy, access to water and sewage, etc.

If Brazil was not necessarily faring better than other BRIC and other emerging countries in the world, at least it was keeping pace (as can be seen from a few economic and social indicators for Peru, South Korea,

India, China and Russia for the period from 1960 to 2018 compared in Figure 3).

Figure 3: Evolution of Child Mortality, Life Expectancy and Income from 1960 to 2016 and of HDI from 1990 to 2016





Source: Own elaboration based on the data obtained from gapminder.org.

4.2 Pandora's box is opened – Brazil becomes divided

As the graphs show, over the past four decades Brazil has continuously been able to improve its social indicators. But despite all the optimism that was recently hailed internationally, a growing level of discontent led to a first popular uprising in 2013. The trigger was the increase of bus fares in Niteroi, a city next to Rio de Janeiro, but a sequence of bad news about corruption scandals, government misspending and economic stagnation had produced a diffuse agenda of demands that spread to other big cities, where further mass demonstrations started to take place, sometimes accompanied by violence and looting. They eventually led to the impeachment of President Dilma Rouseff.

Corruption scandals were not new to Brazilians, yet alone in recent history. Most of them used to go unpunished because the legal system provides an endless number of judicial appeals and of tricks – for those who can afford them.

But this specific one, which unfolded under the name “Lava Jato”, horrified a large proportion of the population because of its dimension and the concrete evidence being produced. PETROBRAS alone confessed in American courts to having diverted over US\$2.5 billion in connection with political agreements (cf. Department of Justice 2018). Suitcases filled with millions of dollars were shown on TV time and again, belonging to politicians and middlemen who cynically continued to deny any wrongdoing. Hundreds of millions of dollars were uncovered in Swiss bank accounts. The amount that courts have ordered to be paid back exceeds 10 billion dollars and a large proportion of it has already been recovered. It showed owners of big construction companies, prominent executives of big suppliers, politicians, public agents and government officials all entangled in multibillion-dollar schemes that undermined free competition and democracy. Eventually, hundreds of people went on trial and over one hundred have been sentenced and imprisoned, among them the very popular ex-President Lula.

The unravelling of this process has been going on for years now and is generating a kind of sickness, but also resistance and growing controversy. Was a specific telephone interception legal or not? Are trials taking place in a fair way or are they based on coercion? Are judges neutral or biased? Are methods constitutional or not? Is the legal system taken by agents from the left or from the right? Who is behind the selective leak of confi-

dential information? Is the Supreme Court protecting the crony elite from the left or from the right? And so on.

Brazil became polarized between two camps: one side saying that there is a plot by “the elites” that don’t care about minorities and poor people and are only trying to prevent former President Lula from finishing his job of bringing social justice to Brazil; the other side saying that “the left” has instrumentalized the State to push through an ideological agenda and to perpetuate themselves in power, not caring about Brazil and Brazilians.

These debates started to dominate all interactions, social media groups, cultural events. Both sides became desperate with the idea that the other side may win the 2018 general election. Each one has enough evidence of arbitrary, malicious and prejudicial wrongdoing to throw at the other side and to be sure of its own position. Everybody is being forced to take sides. Families and friendships are being split. The laid back, easy going, creative Brazilians that we all have in our minds, may be a bit more difficult to find these days, but they are certainly still there. So, isn’t it time to stop nurturing the divide, to try to find a way to reconcile and recover the old virtues of togetherness? It may not be easy and will take some time because, once both sides focus only on ‘pinching each other’s nerves’, normal dialogue becomes almost impossible.

4.3 2018 elections – Is democracy at risk?

Campaigning for the 2018 election took place in this extremely polarized atmosphere. Ideological rhetoric took on vicious proportions. Both sides were deeply scared and spread fear, announcing the end of Brazil if the other side were to win. To make it worse – but not by surprise – the two candidates left in the second and decisive ballot for the Presidency were representatives of the two extremes, even though there were also credible ones who were more in the centre.

But isn’t it a phenomenon that we are witnessing in so many places around the world? With an incredible polarization of the debate in which those who speak about real problems and advocate consensus are not heard? In which moderates using civilized tones are not trusted to solve problems or to be hard enough on the supposed “enemy”? With an incredible judicialization of politics, where higher courts now frequently

have to judge whether certain behaviour or acts were constitutional – which delays decisions, confuses the public and spreads a sense of “injustice”? With anti-establishment hate emerging in many countries?

A central question is whether Brazil’s democracy is at risk and whether Brazil as a country remains a reliable partner, regardless of its President. My personal view is that democratic institutions in Brazil have actually worked quite well and have proven to be very resilient, despite the many weaknesses and vulnerabilities that have become evident.

To begin with, there has been free media. Anybody can say, publish or demonstrate for anything. It is true that one can accuse media channels of being biased ideologically, of spreading fake news, of being funded by groups with vested interests, and so on. But this has become a common theme in the entire world. The internet, social-media, targeted opinion making, post-reality, fake news: this is not specific to the left or to the right, nor to Brazil. It is something that all societies will have to deal with. And there is also evidence that real facts and truth can emerge and prevail eventually.

Indeed, Brazilians have been extremely vigilant, on the left, in the centre and on the right. Extremism or arbitrary decisions have been identified, made public, discussed and faced widespread protest in a reasonably balanced way, perhaps more than ever before and more than in many other places.

The parliament has seen an unprecedented renewal. Let’s hope there is enough pressure and patriotism for it to improve its own habits, institutional independence and the representative system.

In this already delicate situation, anybody interested in helping – whether insider or outsider – could make an effort to:

- de-escalate polarization – most of the time the truth is in the middle.
- avoid generalization – normally what is spread is extreme cases, not representative of a trend
- do not judge before seeing the whole picture and listening to different sides of a story
- only rely on recent and verified information – not on headlines, emotional accounts, selective information or psychological profiles
- do not disqualify people because they have a different opinion
- try to understand those who have apparently unacceptable positions

- beware when too many and too strong adjectives are being used instead of concrete arguments
- check your own motives and passions because they may lead to confirmation bias

Irrespective of who becomes the new President, whatever may be said about him and beyond the vicious political sabre rattling, there are 210 million Brazilians, all very different from each other, mostly honest, hardworking and loving, all dealing with their own desires and anxieties. Their voice deserves to be heard, understood and respected. Let's not forget that all societies evolved in stages, mostly along erratic and painful paths.

What Brazil and Brazilians can best use today is true cooperation and it has institutions for this that will certainly not be crippled by anybody from one day to another. So much trust in Brazilian society can – and must – be there. And it is in the best interests of the free Western world.

5. *From where Brazil is looking into the future*

5.1 *Preamble*

In these last 30 years Brazil has changed a lot, but social indicators and democratic processes are only one part and a consequence of a much wider picture.

In this section I will quickly summarize some changes in the population and economy of Brazil which define the base from which Brazilian society, and its forthcoming governments, will try to continue to improve living conditions and reduce social inequality in the country.

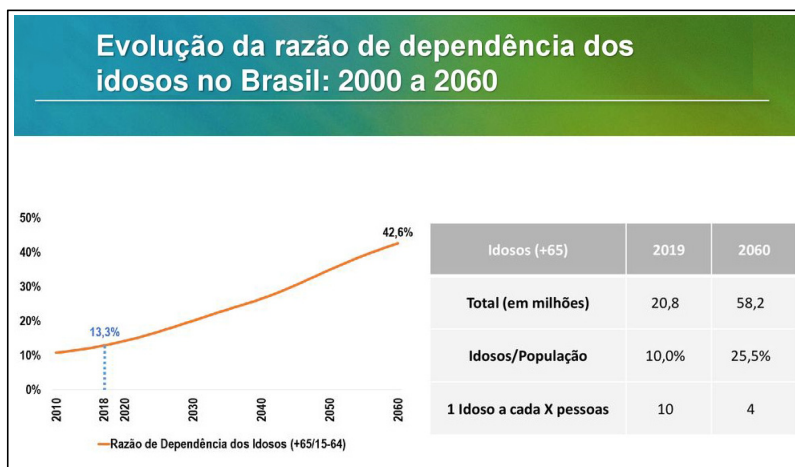
5.2 *Urbanization, ageing and stagnation of productivity*

Among many trends that could be noticed over these 30 years I would like to single out these three – urbanization, ageing and the stagnation of productivity – because they are closely interconnected, because their implications are often underestimated and because they require special attention for the formulation of policies for socio-economic development.

In 1970, the proportion of the Brazilian population that lived in urban areas was 56% (IBGE 2010b). Today¹ it is 86%. This is more than in Germany (77%) and also more than in the USA (82%) (UN 2018). This urbanization may be the single most important factor why the trend of population growth was so abruptly reverted from the 1970s onwards. At that time everybody was talking about a demographic explosion in Brazil. Instead, Brazilian women today have fewer than 1.8 children on average, which means that the population, now at 210 million, is only growing slightly as life expectancy is still increasing.

At the same time and as illustrated in the Figures 4 and 5, Brazil's population has gone through an ageing process over the 20 past years that has taken over 60 years in European countries such as France, for instance (cf. Insper 2019). Today Brazilians over 65 year of age represent 10% of the total population, by 2060 this figure will rise to over 25% (cf. Secretaria de Previdencia 2019).

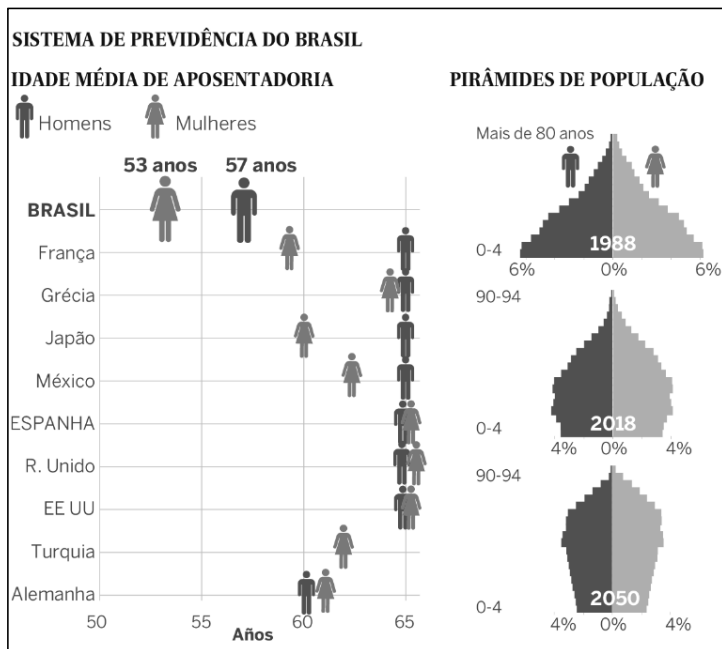
Figure 4: Development of dependency ratio of people 65+ versus people at working age (15 to 64)



Source: IBGE. Elaboracao SPREV/MF, retrieved from Fraga (2019).

¹ Data from 2018.

Figure 5: Average retirement ages and Brazilian age pyramid trend

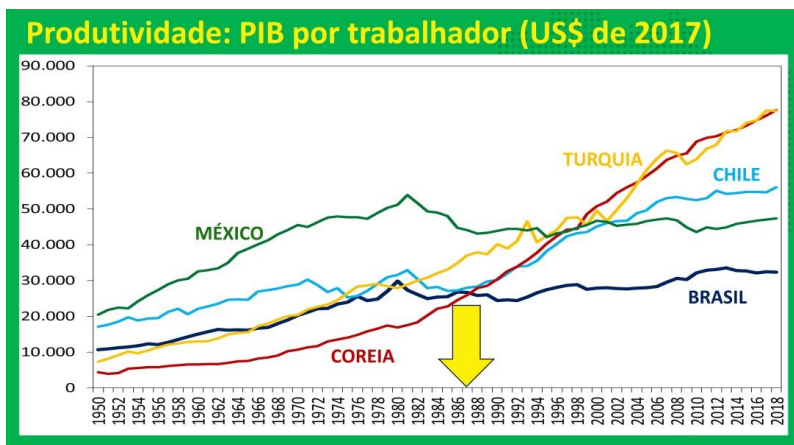


Source: Inesper 2019.

This becomes a huge challenge when combined with the fact that Brazilians have in average been retiring before the age of 58 (cf. Martello 2016; Inesper 2019), which is much lower than in most other countries that life expectancy has increased and that productivity has been stagnant for the past 30 years, while South Korea's, for instance, has quadrupled and Chile's has tripled (see Figure 6). While companies have kept investing to keep pace with productivity gains taking place all over the world, the government and unproductive activities have been consuming these gains.

After years of fierce debate in which a lot of distorted information has been spread, making it difficult for the public to know what is really true about Brazilian's pension systems, there is now a wide consensus in the population and among political parties that today's system is unjust, unreasonable and unaffordable.

Figure 6 – Productivity GDP/worker in US Dollars 2017



Source: Dolares em PPP. The Conference Board. Retrieved from Brazilian Special Secretary for Destatalization, Devestment and Market, Mattar (2019).

Brazil missed the period of its demographic bonus, i.e., now it has many more people who are retired in comparison to the active workforce, the productivity needed to be much higher to sustain everybody's standard of living and pension payments— but it isn't.

Therefore, there seems to be enough support to push through a comprehensive reform of the pension system without which an even more painful one will soon become inevitable. And, as the population keeps ageing fast, this needs to be coupled with other reforms to increase productivity and generate growth. Let's hope that politicians have heard the wake-up call and will stop procrastinating and being irresponsible about matters that are crucial for the country.

5.3 Complex and high taxes

This is a well-known problem that puts Brazil in a truly unique position and which anybody trying to do business in Brazil suffers from tremendously because:

- products and services have completely different taxes which are collected by different authorities
- both have extremely complex, sometimes subjective, principles, varying according to many factors
- a VAT-like tax on products is composed of at least 4 different taxes (IPI, ICMS, PIS and COFINS) that together normally exceed 35% (!!)

Most countries have much lower VAT taxes (10% in USA, 18% in France, 19% in Chile and Germany and 23% in Portugal) and which, except for a few tax-breaks on certain product categories, don't vary much. In Brazil, however, the State has issued over 10,000 tax resolutions per year for the past 30 years 11, many of which are often unclear, ambiguous, unfair, unconstitutional or temporary.

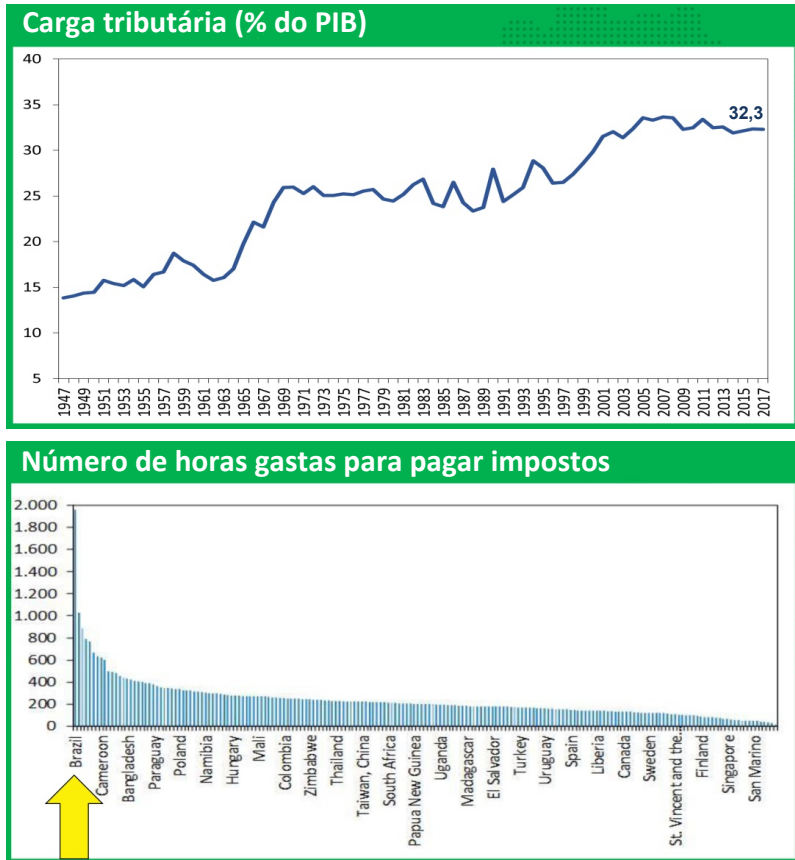
Not surprisingly, this leads to an enormous number of legal disputes: companies trying to recover taxes they should not have paid or the government claiming more or different taxes than they have already received. These tax cases being handled by the judiciary amount to a staggering four trillion Reais (approx. US\$800 billion), tying up lawyers and judges at all levels of the judiciary for years and years accompanied by enormous uncertainties.

Brazilian companies end up spending almost 2,000 hours a year to run a compliant tax process, compared to an average of under 200 hours in the rest of the world (see Figure 7).

The overall tax burden of over 32% in Brazil is high among emerging economies and is comparable to that of rich nations. This high level does not come from the taxes on corporate earnings and private income tax, but from all the taxes charged on products and services. Such complexity, ambiguity and judicialization of taxes has a multiple negative effect: it makes business more expensive and much riskier; it reduces transparency; it generates unbelievable distortions all along the supply chain (which are difficult to eliminate); it inhibits investment; it increases the level of profit required to start or run a business and, as a consequence, it makes products more expensive (which is bad for the consumer) while concentrating power and wealth, as only big pockets can cope with it. No wonder big companies and entire sectors spent a lot of effort lobbying for special treatment. This goes down well with Federal, State and Local Governments because they can prove their strategic wisdom and social engage-

ment by selectively providing incentives through tax breaks, often in return for personal or political reward.

Figure 7: Amount of hours companies spend to declare/pay taxes



Source: IFI; Doing Business. Retrieved from Brazilian Special Secretary for Destatization, Devestment and Market, Mattar (2019).

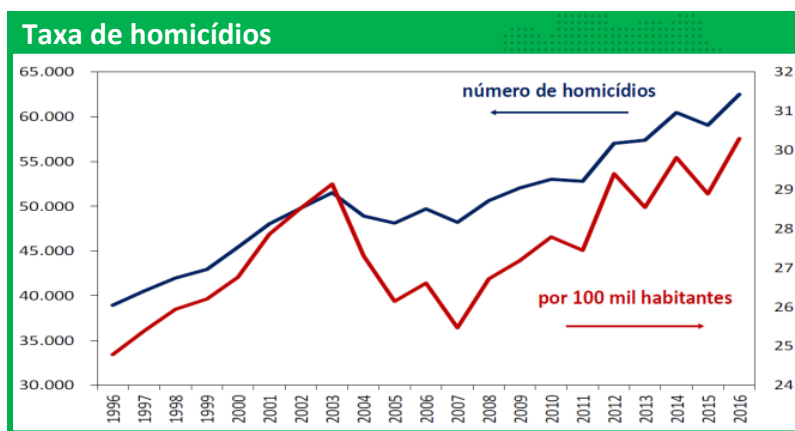
All this makes the tax system a driver for corruption and criminality not so much because people and companies want to evade taxes but simply because, for many people and small businesses, it is too complicated or even impossible to know exactly which taxes to pay to which authority.

Brazil is nothing for beginners. This old saying holds particularly true when it comes to taxes.

5.4 Criminality and violence

By any standards, the death toll of people murdered in Brazil is extremely high. It has kept growing almost constantly over the past 30 years and has been above 60,000 citizens murdered per year since 2014 (cf. Mattar 2019). This is more than the American soldiers killed in the entire Vietnam war.

Figure 8: Evolution of murder rate since 1996



Source: Atlas da violence, 2018, Forum Brasileiro de Segurança Pública, retrieved from Brazilian Special Secretary for Destatalization, Devestment and Market, Mattar 2019.

This has been in headlines and, in one way or another, most people around the world know about it. But do they also reflect more deeply about what this means for a society? And from which drawer of their memory do they retrieve it – if at all – when discussing Brazil’s challenges? It affects the lives, joys, anxieties and dreams of an entire nation in a much more profound way than most realize – when they have the luxury of not being directly affected by it. If every murder victim has about five close rela-

tives or friends and if one remembers how devastating it is to prematurely lose a son or daughter, a brother or sister, a father or mother, a very good friend, a colleague from work and so on, then one realizes that a quarter of a million existences are devastated by a murder case year after year, and this has been going on for years.

And this does not even include people shot by the police, which the press keeps a special focus on, nor those who were “only” crippled. But also, robberies and thefts cause traumas, and these happen even more frequently. The result is a society that feels deeply threatened and disturbed by violence.

Less known are the assaults on trucks, which have been growing and reached over 22,000 in 2017 (E-commerce Brasil 2019). This, again, generates uncertainties, inefficiency and increased costs for the population. Such huge crime rates cannot exist without a huge organization behind it and without the involvement of a huge number of actors. The entanglement with civil society becomes enormous and almost all sectors of economy are affected – land occupation, construction, commerce, transport, environmental protection – in all corners of the country.

Huge amounts of illegal money circulate. It must be laundered quickly, which means more illegal commerce, more crime, more illegal arms, more illegal housing, more illegal occupation, more illegal deforestation. And more pressure on institutions to be corrupted or more connivance of normally honest citizens with criminality, on which they may even become dependent. In the end, money from criminal sources circulates at a faster pace than from legal ones, forging reality in a disproportionate way. The State has, in many ways, lost control – or has itself become part of the criminal sector, irrespective of its ideology.

From a personal perspective, I never wanted to live in a gated community, and never did, as, fortunately, my family feels the same way. And we lived in the middle of São Paulo, in a street that anybody could drive by, in a house with a garden that anybody could jump into, going out at any time of the day and night. But fewer and fewer people are prepared to take the risk. For this huge proportion of society, safety has become their number one preoccupation and their benchmark for quality of life, from the rich, who can obviously afford better protection all the way to the poor, who often live closely exposed to it.

In a similar way, I never wanted to drive an armour-plated car, and never did, even though I could have requested one from the German multi-

nationals I worked for. But I felt that it would be a bad signal and unfair for the company to pay more to protect my life from normal civil risks than they paid to protect the lives of other employees, who do not have a choice of where to live. Still, the salary levels that we were paying had to reflect the employees' perceived needs to protect themselves and their families. And I could not prevent expats coming to work in Brazil from receiving special treatment, generating costs that employees of a comparable level in the organization would never be able to afford, often above that of the CEO, if he was not an expat. Headquarters felt this to be justifiable. "We" Germans are on thing; the locals are another.

In short: it is important to remember that murders are just the tip of a huge iceberg, and it will be impossible for Brazil to improve standards of living and tackle problems such as social injustice, housing, deforestation or inclusion of minorities if crime is not brought down to more normal levels and the State regains control. It is also fundamental for the population to start regaining trust in the country's Institutions. Monitor this to see whether the new government is improving the situation for Brazilians.

5.5 Poor quality of the public education system

Many people know that Brazil has a poor education system. What most people don't know is that Brazil is among the countries that has the biggest expenditure on education worldwide, a huge 6% of GDP, which is more than the OECD average (5.5%), Germany (4.9%), USA (5.4%), South Korea (5.1%), Argentina (5.3%), Mexico (5.3%), Colombia (4.7%) or India (3.7%) (cf. World Bank 2020).

Over the past few years there has been a lot of focus on the secondary level: many new Federal Universities have been built; programmes to finance higher studies have been extended, international student exchange programs have been intensified and laws for inclusion and quotas implemented. But many indicators show that performance has been poor and that there is a lot of distortion like:

- The quality of basic education remains among the worse on the planet with Brazil ranking in 64th place among the 72 countries that participated in the 2015 PISA study (cf. McKinsey 2018).

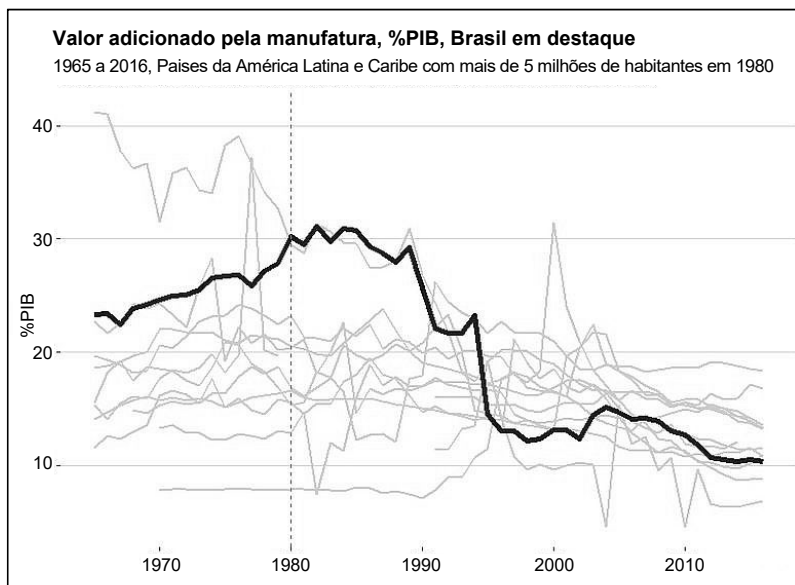
- According to a recent McKinsey study, 55% of 8-year-olds are not able to add up $24+17$ or realize that 4 coins of 50 cents have the same value as 2 dollars (cf. McKinsey 2018).
- 93% of youngsters who leave a public high school can't solve a percentage problem, calculate an area composed of triangles and squares or perform other basic mathematical equations (cf. McKinsey 2018).
- Functional illiteracy has not improved since 2009 and is now 29%, which means that 29 out of 100 citizens between 15 and 64 cannot understand what they read – which also means that they won't ever be able to distinguish between real and fake news.
- Brazil today has more law schools than the rest of the world put together (cf. Guia do Estudante 2017).

This does not mean that one cannot find good employees. Quite the contrary: there is a huge number of candidates who are eager and capable to learn but sometimes lack the incentive. Schools without opportunities will never do the trick of improving the skills and well-being of a population.

5.6 Des-industrialization and loss of competitiveness

Over the past 30 years, the economy of Brazil, too, has changed drastically and in many extraordinary ways, different from trends seen before or elsewhere. By the beginning of the 1980s, Brazil had risen to the most industrialized nation in Latin America, but then embarked on a rapid and continued process of de-industrialization, making it today one of the least industrialized countries in the region (see Figure 9).

While the world experienced a trend towards a somewhat higher level of industrialization, Brazil experienced a continuous drop of the participation of industry in its economy from around 22% in 1980, when it was way above the world average, to 13% in 2018, by when it was below average (cf. O Cafézinho 2019). This means that Brazil had an extraordinary industrial capacity at one stage but that, for many reasons, it has become less and less attractive to produce in Brazil.

Figure 9 – Manufacturing as % of GDP in Latin America countries

Source: WDI/Banco Mundial. Data retrieved from Ellery R (2019).

But also, other business sectors suffered from increasingly complex, unstable and risky conditions to enterprise which makes Brazil rank on 125th place in the World Bank's 2017 "Doing Business" Index (Mattar 2019) (see Figure 10). Many people probably can't list 124 countries to put ahead of Brazil, but all those they remember will be an easier place to start and run a business than Brazil.

Besides all the factors mentioned above – like the tax system, crime and poor basic education – this very low rating is also caused by:

- Complex, ambiguous, restrictive and protective labour laws which generate huge costs and an enormous number of lawsuits, 3.9 million in 2016 alone (cf. Marchesan 2017). In Japan there are less than 5,000! Luis Cardoso, Minister of the Supreme Court of Justice mentioned in 2018 that Brazil alone had 50 times more labour cases than the rest of the world combined (cf. Espaço Vital 2018). Let's say he exaggerated and that it is only 10 times, it still shows how absurd the situation has become.

- An abnormal number of laws, regulations and bureaucracy: 4.4 million articles, 5.9 million norms (cf. Mattar 2019). I.e., red tape all over, which delays and makes the outcome of processes unpredictable (such as licensing for example).
- Lack or high cost of public services such as energy, which is among the most expensive in the world.
- Lack of investment in infrastructure, which creates bottlenecks in ports and on roads.

As a consequence, Brazil is down to 80th place in the EWFs's competitiveness rating, behind all the BRIC countries (Mattar 2019).

Figure 10: Brazil's rank as compared to the other BRICS states: World Bank's "Doing Business" and WEF's Competitiveness Rating



Source: World Bank 2017, WEF 2018, retrieved from Brazilian Special Secretary for Destatalization, Devestment and Market, Mattar 2019.

There are still some industrial champions left (like Embraer, WEG and Tramontina) who have managed to overcome all hurdles and remain competitive, even for export. But many sectors live under the protection of tax breaks, subsidies and import taxes, when the best way would be to promote productivity through free competition and reduce the hurdles for those who are willing to try to generate wealth. Another way to put it is that Brazil has reduced its capacity to add value and gone back to a stage in which, like in colonial times, it extracts wealth mainly from natural resources: commodities and minerals.

5.7 *Fiscal balance and investment*

On the macroeconomic side Brazil has in general been very prudent and vigilant over the past decades, since it tamed inflation. But the debt crisis in the 1980s, pushed the level of government investment down from around 6% of GDP to now less than 2% (cf. Mattar 2019), which is much lower than governments of other emerging countries are investing.

Visitors to Brazil are often surprised by the amount of infrastructure that is in place but, to stop falling behind and to help the economy be more productive, a lot more investment is necessary. The capacity of the government to carry out these investments has, however, decreased continuously because debt has been increasing (it is now among the highest among the emerging economies) and because it has been running a fiscal deficit for over 20 years (cf. Mattar 2019). So, the government's room for manoeuvre has become very restricted because the huge amount of taxes collected are used to pay interest on existing debt and to pay the obligations assumed with pensioners, state employees and social programmes.

Having one of the biggest banking spreads in the world has kept interest unusually high, further adding to the Government's costs and hampering private or productive investment.

5.8 *Summary and Conclusions*

If Brazil wants to prosper and enhance its conditions to deal with social and environmental problems, there are many critical points to be looked at simultaneously. The challenges are complex and interconnected, but a major focus will have to be on fighting illegality, cutting costs, reducing debt and promoting growth by reducing complexity and uncertainty.

How any incoming government will try to tackle this broad agenda will depend a lot on its ability to gain support for necessary reforms. Therefore, anyone truly worried about Brazil and Brazilians should accept that there is not a clear way to set priorities, and what matters is to achieve sustainable progress on a large amount of issues, not only a few selected ones. Short-term, populist and politically motivated measures could be disastrous for the country. Measures should be judged on their concrete content and impact, not on an ideological basis.

6. *Stereotypes – a poor source for advice*

6.1 *Day-to-day impressions*

I returned to Brazil in 1997, when its economy was starting to become more stable. In the 22 years in which I have been back I've worked as an executive for German Corporations in São Paulo and Rio de Janeiro, thereby accompanying all these latest developments, with “skin in the game”.

One surprise to me was to see Germans, to whom Brazil was once so close and present, having become distanced, often unable to see beyond stereotypes, misinformation and their own interests. Accompanying high ranking managers and supposedly well-informed foreigners, who should know what human, social and institutional capacities must have been behind the momentous transformation Brazil has gone through, I often noticed them having difficulties to really connect and develop the trust that once existed.

Germany has had stability and a relatively free market since WW II, which has probably been its most important asset to generate productivity and wealth – not the other way around. But it seems to have also brought back a sense of “we know better” that is not at all helpful in different, complex or unstable environments. Trying to fit things into a familiar box may be instinctive, but often doesn't work.

To me, dealing professionally with Germany, this meant an increased effort to bring about right decisions because, with so many people involved, there were always some left with exaggerated doubts and scepticism – or undue enthusiasm – and they had to be convinced with a lot of facts and details. When benchmarks of the controlling department showed that we in Brazil had too many employees and costs to deal with taxes and personnel matters, I thought it would be easy to show them the difference to Germany and other countries. It wasn't. A lot of energy went into fighting for enough resources and competent personnel to handle this and other crucial and dangerous issues for the company. By the same token, when around 2010 I recommended a much more cautious and conservative approach instead of heavy investment, following the overall trend and hype being created about Brazil in the media, I was seen as overly conservative and lacking in entrepreneurial spirit. A closer, broader and more realistic analysis of facts that indicated the lack of sustainabil-

ity of certain developments in Brazil was difficult to convey. The pressure to meet forecasts, to generate growth, to follow the trend or to implement common solutions should never overshadow the need to be prudent and compliant. But it often does.

From my experience, Brazilian executives are among the most seasoned, meticulous, creative, adaptive and resilient I have known, otherwise they would not have survived this complex, risky and unstable environment. It is worth taking their advice.

Another classic stereotype can be experienced during Carnival season, when a picture of an almost naked, gorgeous Brazilian “mulata” parading only in a few feathers used to invariably show up on the front pages of the media. With a bit of reflection one notices that there is nothing new about this and that it adds nothing to anybody’s understanding of Brazil and not even to anybody’s understanding of the Brazilian Carnival: a magnificent but very serious contest, judged rigorously according to several musical and artistic criteria, of which excess nudity leads to poorer scores.

The sexist image of this momentarily popular parade has become so predominant that a few years ago, when the leading Samba School chose Germany as its theme and staged German beauties and achievements in a magnificent way (literature, music, cars, beer, etc.), German companies didn’t have the courage to sponsor it, afraid of the negative repercussions.

But the contrary happens as well: Germany is much more likely to appear in the Brazilian news for a neo-fascist attack or for sending back a single immigrant, which sometimes occurs, than for the mass demonstrations against xenophobia and its efforts to welcome and integrate millions of immigrants and refugees. Is the media coverage thus showing its readers a true and comprehensive picture or is it distorting it by selectively reinforcing and playing to collective preconceptions?

To let the full potential behind transcultural experiences to flourish we should keep the following in mind:

- Stereotypes are normally wrong and dangerous, because they are more likely to hide the real attributes of a society than to help understanding and interacting with it
- People, families and nations are, all over the world, much more similar than we think.

- Cultures are changing rapidly not only because of economic and political developments but also because contact between different cultures tends to create a new, more homogeneous one.
- To avoid behaviour that is culturally not acceptable, it is not necessary to know the local culture but to practice the basic virtues of respect, modesty and attentiveness.
- These virtues (respect, modesty and attentiveness) promote quick learning of the essentials as well as tolerance for possible blunders, which ‘foreigners’ are normally excused for anyway.
- People and companies should take a true interest in the places they go, in the people they meet. If they can’t, it is better to stay away.
- Beware of headlines and mass media: they need to play to people’s emotions, not to rationale.
- Learning the local language is the most powerful way to enhance integration and acceptance.
- Trust!

It sounds obvious and easy but does not come naturally to everyone. Even less so to companies, which are a group of people held together by yet another culture of their own.

6.2 Meet Brazil

Most people still have an instinctively positive image of Brazil as a nice place with beaches, palm trees and warm weather inhabited by peaceful, tolerant and happy people who like to enjoy life and are nice to one another. Only when they are reminded of what they have seen on TV and read in the newspaper or when they are asked whether they would like to live in Brazil the picture change. What comes to their minds then are high social inequalities, high crime and murder rates, rampant corruption, burning forests, lack of discipline and order, violent police, massacres in prisons, pollution, rigged politics and so on.

Most then confess that they would rather not try living there and even prefer to go somewhere else for their vacation. And in fact, Brazil receives only 6 million tourists a year and thereby ranks in 44th place after,

for instance, Thailand (32 million), Germany (36 million) and France, ranked first with 86 million. Even Malaysia, Canada, Croatia, Morocco, Indonesia, Vietnam, Australia and Romania receive more tourists (cf. Indexmundi 2019). As it is not the distance, the climate or the size, it must be something else that has been keeping them away.

Business has in general also been disappointed and extremely reticent lately: high inflation, complicated and expensive import/export regulations; a complex and punitive tax system; unreliable law enforcement standards; strong government intervention and all the facts already mentioned above. But none of these problems are normally as one imagines when looking from a distance. Only by direct exposure is it possible to understand and find ways to deal with them. Fortunately, there are many companies that can look back on good times and successful business in Brazil. So, which is the true Brazil? Certainly, not the stereotypical image propagated and that many have in mind. Neither the hedonistic paradise nor hell on earth. There is a lot of social progress to be achieved, but not the clear-cut division between a few wealthy people having a good time behind fences while devastating nature and exploiting the poor.

Like in all societies, the majority of people are engaged in an honest struggle to improve their lot, to have a reasonably comfortable life, to enjoy family and friends and to do good. Most of them carry a disproportionate weight, which hardly any German would accept to carry, while generously contributing to social and environmental causes, either privately, through taxes or the burden they carry. And the heavier and more intrusive the State becomes, the more individuals are prevented from stamping their own mark, making ideological fault lines permeate human interactions.

Brazil remains a place to have marvellous encounters with people and nature. And it is possibly the country in which one can experience most vividly the challenges humanity faces on a global scale, because it epitomizes most of the contrasts, trends and contradictions of our modern world.

Within its borders of continental dimensions, it is home to hugely different people, cultures, climates, industrial history, economic strengths, natural resources and expectations. Imagine Germany, Italy, France, Greece, Spain, Portugal and Northern Africa were all part of one country, interconnected by a bridge in Gibraltar. Or Germany plus Indonesia, which would make up a similar territory to Brazil. How much central govern-

ment should such a huge and heterogeneous country have? How many country-wide laws and regulations? How many transfers can “Germans” be expected to make to “Indonesia”? Will they jointly be able to avoid further deforestation? How to make democracy representative? How would you define your goals for equality and achieve them?

Finding a good and generally accepted balance takes time to mature. And, as Europe well knows, this process is not necessarily smooth nor linear. Come and see for yourselves, bring an open mind and open heart. But be sure to leave prejudices based on a narrow set of perceptions and your own biases behind.

7. *Final words*

A different way to define culture may be the combination of habits, behaviour and emotions that a group of people develop and share to make life bearable and as pleasant as possible in the specific situation that this group is living. It is what makes one wake up in the morning and have the energy to do something – or to feel at ease without doing much. It is a complex combination of individual characteristics, personal preferences, desires, obligations and social bonds.

Some people already feel ‘uprooted’ if they must move to a different neighbourhood and cannot imagine having to live very differently from the way they do now. But most others live in a completely different way and would probably not be able to imagine themselves finding fulfilment and happiness in the shoes of anybody else. To take an example, as an urban being I often wondered of the many people that live in a small village, perhaps waking up every morning at 4 am to milk the cows and then devote their day to farming. For many this would hardly bring happiness. Yet I always hope and assume that those living like this also have a balance of interests, connections and pleasures that nourish their lives. And this is the impression I take when I meet and interact with them.

As such, almost every encounter can be seen as a transcultural experience from which we can learn a lot. It should be a motor for the improvement of society. But individuals and leaders can only promote it if they are truly free of bias and prejudices, open to, and curious about, the unknown, prepared to accept a new perspective and new culture that will inevitably emerge.

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Part III

**Transcultural Leadership
and Civil Society Activity**

SDSN Brazil: The Challenge of a Living Network Focusing on Sustainable Cities

Flávia Souza Rocha

1. Introduction

The world is still facing the challenge of taking more than a billion people out of extreme poverty, reducing growing social inequalities and reversing the negative impacts of human beings on the environment. For this, much cooperation is needed: among people, among institutions, among countries. It is a challenge in a globalized world that shares information quickly but at the same time is unable to integrate efforts in an effective way, failing to explore what's best about idiosyncrasies, which is the possibility of complementarity of solutions. The emergence of leaders capable of dealing with cultural differences and different degrees of knowledge and development, finding points in common and converging on the search for creative solutions, is crucial to overcome the obstacles placed in the way of sustainability. We live in a world with great wealth, high technology and capacity for innovation. The difficult question is how to mobilize people around the planet and direct these resources to critical problems.

“The Future We Want”, the outcome of the United Nations Conference on Sustainable Development, known as Rio + 20, that occurred in 2012 in Rio de Janeiro, Brazil, establishes the renewal of the “commitment of the countries to sustainable development and to the promotion of an economically, socially and environmentally sustainable future for our planet and for present and future generations” (United Nations 2012). It reaffirms the quest to achieve the Millennium Development Goals (MDGs;

United Nations 2015) but brings with it the need to continue pursuing sustainable development post-2015. This moment was followed by three years of extensive global discussion on the Sustainable Development Goals (SDGs), adopted in September 2015 by the 194 countries of the United Nations General Assembly.

The MDGs were especially directed to the least developed countries, for which rich countries should provide solidarity, funding or the transfer of technology. An important paradigm shift was that SDGs, however, reach the entire planet and highlight what all countries should do together for the global well-being of this generation and those to come (Sachs 2012). The 17 SDGs and their 169 targets are integrated and indivisible and balance the three dimensions of sustainable development: environmental, social and economic (United Nations 2015).

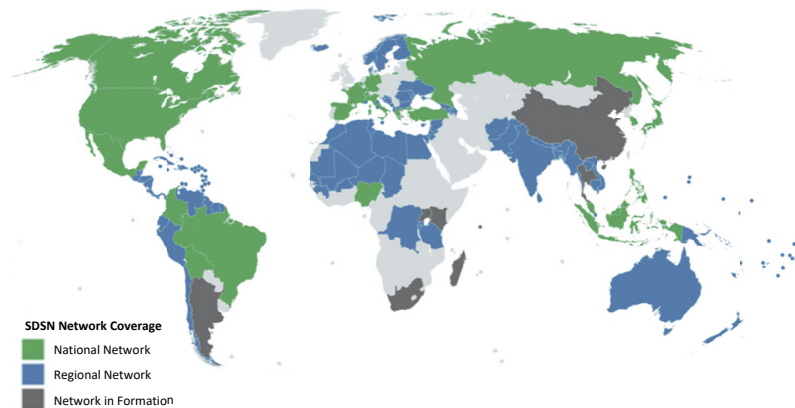
To mobilize different sectors of society – academia, government, civil society and the private sector – for the implementation of the SDGs, which were still being discussed, on August 9th, 2012, the then UN Secretary-General Ban Ki-moon announced the launch of the Sustainable Development Solutions Network (SDSN). The idea was that the SDSN could support solutions to sustainable development problems at local, national and global levels, locating these solutions, connecting them, and scaling them up. The network could thus accelerate joint learning and help overcome the fragmentation of technical and political work by promoting integrated approaches to the economic, social and environmental challenges facing the world. It should also have a special role in advising the UN on the SDGs and in selecting appropriate indicators for their monitoring, which were to take into account local realities and be capable of comparison on a global scale (UNSDSN 2018). The SDSN's work is then organized around four priorities for the Sustainable Development Goals and Paris Climate Agreement:

- Policy analysis and implementation tools
- Solution networks
- Education for sustainable development
- Outreach and mobilization

The SDSN is now on six continents, comprising around 800 member institutions, coordinated by more than 25 Regional and National Networks (Figure 1). National and Regional SDSNs promote the location and

implementation of SDGs, as well as being responsible for developing long-term transformation paths for sustainable development, promoting communication and mobilization actions in relation to the 2030 Agenda and launching initiatives that offer solutions to particular challenges. Each of these networks focuses on different projects and priorities, according to their local context. Most national and regional SDSNs are coordinated by universities, many of them offering Masters degrees in Development Practice¹ which were created earlier, with the objective of training professionals capable of facing the inter- and multi-disciplinary challenges of sustainable development.

Figure 1: National (green) and regional (blue) networks of SDSN across the world (in grey: networks that are still being created)



Source: UNSDSN 2018.

2. SDSN in Brazil: context, opportunities and challenges

Launched in March 2014, in Rio de Janeiro, the SDSN Brazil began to be planned in the previous year, in partnership with the United Nations Development Program (UNDP), as a natural extension of the Masters in

¹ For further information see Global Association 2019.

Development Practice of the Federal Rural University of Rio de Janeiro (PPGPDS/UFRRJ)². Then, mobilization with other organizations to create the network in Brazil was triggered, namely: Federal University of Rio de Janeiro, Pereira Passos Institute (IPP), of the City Hall of Rio de Janeiro and Conservation International (CI Brazil). Following the objectives of the global SDSN, the network in Brazil was created to:

- Communicate and educate people about the SDGs;
- Make projects and solutions concerning sustainable development more visible;
- Promote dialogue and exchange of knowledge among members;
- Develop studies and projects according to the needs identified by the members to support the monitoring and implementation of SDGs;
- Make partnerships to increase the impact of public policies and inter-sectoral articulation.

However, instead of addressing the challenges of all SDGs, the focus chosen by the SDSN for the network in Brazil was SDG 11 (“Make cities and human settlements inclusive, safe, resilient and sustainable”) and its mission then became “to promote the implementation of solutions for sustainable urban development in Brazil”. The decision to focus on the urban agenda was made for two reasons: the degree of urbanization in Brazil and the possibility of dealing implicitly with many of the other SDGs within cities.

In the second half of the twentieth century, Brazil underwent an urban transition that was one of the most impressive in the world. In 1940, only 31.2% of the population (which at the time was about 40 million) resided in urban areas (Brito et al. 2001). Since the year 2000, Brazil has seen more than 80% of its population move to urban areas, around 160 million people today (IBGE 2016), which represent less than 1% of its territory (Farias et al. 2017).

It was decided that the SDSN Brazil would have its headquarters and would begin its activities in Rio de Janeiro, since the city, already well-known for its natural beauty and tourism potential, would be the host of mega-events in the following years, namely: in 2013, the Confederations Cup and World Youth Day; the 2014 World Cup; and the 2016 Olympic

² For further information see PPGPDS 2019.

and Paralympic Games. These events attracted a lot of investment into the city and many organizations saw tremendous potential for urban transformation, especially considering the commitment of Olympic cities to sustainability. Part of this transformation was already underway, as projects to improve urban mobility (BRT, BRS & VLT; Kleiman 2016), the revitalization of degraded and economically stagnant areas (Porto Maravilha, Madureira Park, Farias & Kunz 2018) and the cooperation between civil society and the municipal administration (1746, an ombudsman channel of the city; Rio Operations center, a control center with direct communication with citizens). There was also the possibility of synergies with other networks and projects, such as the C40 Cities Climate Leadership Group (whose president at the time was the mayor of Rio de Janeiro), ICLEI (Cities for Climate Protection Program), the Rio + UN Center and 100 Resilient Cities (Simões-Coelho 2018). At that time there was also strong support from the municipal administration, which was interested in Rio de Janeiro being recognized as a sustainable city model. In 2012, the city had been made a UNESCO World Cultural Heritage Site.

Quickly, however, the focus of the network was expanded to the metropolitan region of the city, with its 21 municipalities, and including 75% of the population of the State of Rio de Janeiro (about 11.8 million), and a high dependency on the city of Rio. It is the second largest metropolitan region in the country, with a rate of urbanization of almost 100% (Tavares & Oliveira 2015), behind only São Paulo.

In the last ten years, the metropolitan region of Rio de Janeiro has undergone a process of transformation, resulting from new investment and the stimulation of old productive bases, such as the establishment of industries along roadsides. Thus, municipalities, instead of offering attractive alternatives to the middle class, whether for the quality of the residences or for the diversity of trade and services, have been characterized by a productive-logistical-industrial specialization (Oliveira 2018). However, these changes, which should have fostered the development of these municipalities, did not allow a better distribution of resources in the region, since these investments did not contribute to the social development of cities, further aggravating the historical framework of socio-economic inequality in the metropolis. In addition, in terms of spatial organization, the metropolitan region of Rio de Janeiro maintains the 'core-periphery' pattern, with income and opportunities concentrated in the centre (Ribeiro & Ribeiro 2015).

The inhabitants of the municipalities of the metropolitan region of Rio de Janeiro face many challenges in their daily lives. Over 75% of jobs are concentrated in the city of Rio de Janeiro and about 25% of the workers come from the municipalities around it, which requires efficient mobility planning to ensure agility and quality of life for people. Sadly, this is not the case. In 2010 there was an increase of more than 70% in the individual car ownership (Observatório das Metrôpoles 2013), which may be a reflection of poor public transport (combined with increased incentives to buy cars and motorcycles, thanks to tax reductions). About 28% of the inhabitants take, on average, more than one hour to travel between home and work, a percentage that is similar only to the metropolitan region of São Paulo, which is the highest percentage in Brazil. However, when we consider only people moving from the periphery to the core, 73% take more than an hour. There is also obvious inequality in terms of access to public transport, in terms of both options and quality. The wealthier segments of the population, who are white, car owners and live in the city of Rio de Janeiro (core) are those that have, on average, shorter commutes (Rodrigues 2015).

Inequalities in the metropolitan region go beyond mobility. The same patterns are found in terms of household distribution, access to basic services such as sanitation, health and education, leisure, commerce and other services, and the jobs themselves (Ribeiro 2015). As for water supply and sewage services, for example, while 90% of the city of Rio de Janeiro has guaranteed access, in the periphery the situation is quite different, with municipalities with extremely precarious sewage facilities, with less than 40% of households having adequate water supply and sanitation services (Brazil 2018). In addition, there is inequality in terms of supply for industrial and household use. In the periphery, where the industries are concentrated, the inhabitants often suffer from poor supply, since infrastructure works are designed to serve almost exclusively industrial complexes (Britto 2015). This data is some of the examples that illustrate the challenge of dealing with this region from the point of view of sustainable development.

In 2015, a federal law known as the Metropolis Statute (Brazil 2015) was instituted to, among other things, provide definitions of what metropolitan regions are and differentiate them from other territorial arrangements, such as microregions and urban agglomerations. In addition, it clarifies that the objective of the metropolitan regions is to integrate the

organization, planning and execution of public policies of common interest (Cordeiro 2019). The Metropolitan Chamber of Rio de Janeiro was created in 2014, with the process that would lead to the approval of the Metropolis Statute already underway. Its structure comprises the governor of the state and the mayors of the 21 municipalities in the region, from where we have the Executive Group of Metropolitan Management. This group was responsible for developing the Strategic Plan for Metropolitan Development and its partners include state agencies besides the civil society, represented by universities and research institutes, regulatory agencies and NGOs as well as the private sector, represented by companies. From 2015 to 2018, by means of a participatory process including and listening to all partners, the aforementioned plan 3 was created and launched. The idea is to have an integrated region, from planning to implementing the measures, that is able to reduce inequality and guarantee improved quality of life for people. Members of the executive committee of the SDSN Brazil participated actively in this constructive process, and also members of the Executive Group participated in the activities of the network, seeking synergies and integrated action.

3. *Focus and operation of the SDSN Brazil*

When the network was created, its members decided to define the areas of action in close agreement with SDG 11. At that time, the idea was that each of the network members would represent at least one solution for sustainable urban development that could be transformed into dissemination, articulation and dialogue within the network and with the help of civil society. The solutions would be organized according to their main area of operation, but could cover more than one: Connectivity, Inclusion and Resilience (Figure 2).

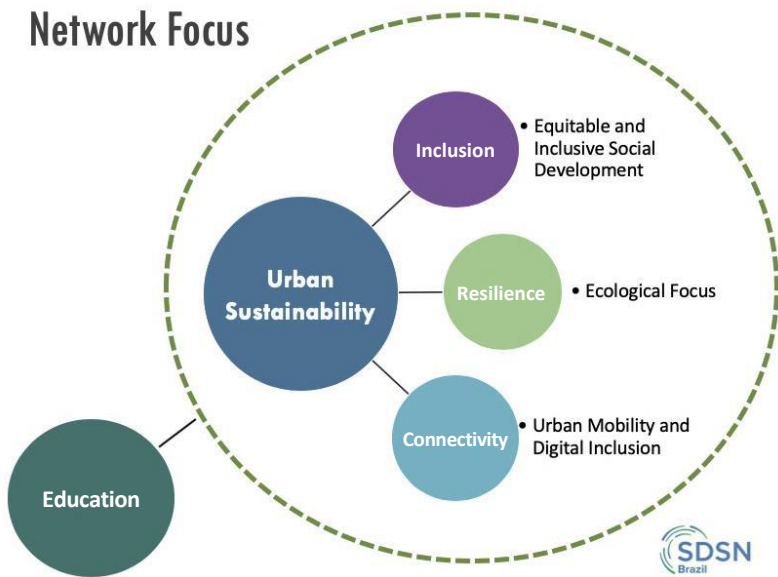
An institution would represent each one of these themes, considering their experience and means of action. The representative of the institution in the network was also the person of reference for that theme in events, leading discussions and promoting studies.

In addition, working groups allowed the operation of the network to ensure compliance with its primary objective: that of making the solu-

³ The entire process is documented here: Modelar a Metropole 2019.

tions visible at the same time as permitting the network to establish itself as a knowledge hub and ensure its internal sustainability. These were Communication, Fundraising, Indicators and Education. Here again, one of the institutions was the leader of each of these groups, stimulating the interaction among the members for the development of the activities. With this structure, as soon as it was created, the SDSN Brazil had four organizations coordinating their actions within these parameters: Pereira Passos Institute (Inclusion), Conservation International (Resilience), Federal University of Rio de Janeiro (Connectivity) and Federal Rural University of Rio de Janeiro, responsible for mobilizing educational campaigns, which became the basis for the network's performance, rather than just a transversal axis. Each of these institutions developed an anchor project, already structured and in operation, that entered the network precisely to raise the profile of the SDSN Brazil, with the purpose of supporting the identification of members and solutions.

Figure 2: Main focus of the SDSN Brazil. Education, previously only a working group, became the basis for the network's performance.



The governance of the SDSN Brazil is flexible, dynamic and inclusive. When it was created, the SDSN Brazil had four coordinating institutions, already mentioned, responsible at that time for coordinating and promoting the work of the network, leading the preparation of the initial work plan, including deadlines and funding needs, ensuring systematic communication to the SDSN Brazil Leadership Council and maintaining active communication with regional, national and global SDSN.

In the most recent model, the governance of the network is managed by a Secretariat and an Executive Committee, which receive guidance and contributions from the Leadership Council and from the Global SDSN, then by regional coordination, and finally, by the participation of its members, each one with defined roles. The organization that houses the Executive Secretariat also has the leadership of the Executive Committee.

The Secretariat has the responsibility to develop and monitor the implementation of work plans, liaise with the members of the Executive Committee, encourage meetings, maintain the online and face-to-face communication and facilitate decision-making. It is the driver of the network, without which it is prone to inactivity (Vieira 2015). It is also the facilitator between institutions' members, partners, their projects and the SDSN networks at national, regional and global level. It has the duty to ensure that the mission and principles of the network are considered in all activities. When it was created in 2014, the first Executive Secretariat of the SDSN Brazil was located at Pereira Passos Institute (IPP); in 2014, the role was assumed by the Brazilian Foundation for Sustainable Development (FBDS); and since 2015 Conservation International (CI Brazil) has had the responsibility. After another transition, a new institution, the Pontifical Catholic University of Rio de Janeiro (PUC-Rio) took over responsibility for the Executive Secretariat in early 2019.

The Executive Committee is nationally representative and includes the key players in the progress of the work of the network and its supervision. It is responsible for monitoring the operational aspects of the SDSN Brazil, including budgets, schedule and applications to join the network. It is made up of third sector organizations and academic institutions.

The Leadership Council is composed of eminent experts and leaders in sustainable development within academia, business, civil society and the public sector. The Leadership Council was established to guide the work of the network, raise its profile and increase outreach activities as well as provide fundraising support.

Network members can be academic institutions, non-governmental organizations, research institutes, and networks of individuals. They are also members of SDSN Global, when associated with the SDSN Brazil. They have room on SDSN platforms, are able to publicize their actions and projects and participate in working groups. All members have access to, and can use, the SDSN Brazil logo and use the network's publicity material. They have the opportunity to interact with other members, in Brazil and in the rest of the world, expanding their network of contacts so as to be able to forge partnerships to develop projects and solutions. Today, the SDSN Brazil has more than 40 members.

In addition to members, partners from the public and private sectors and other networks of institutions can support the SDSN Brazil with financial resources, content or projects. They may also be invited to serve on the Leadership Council and to attend meetings of the Executive Committee if this is required and/or in the interests of the network.

Although most processes are linked to the Executive Secretariat, the SDSN Brazil's governance has become increasingly horizontal, reinforcing the importance of member activities and initiatives.

The network is based on a series of principles agreed upon by members in the 2016 Planning Workshop:

- All members have the same rights of access to information
- The network is structured on a basis of mutual respect, dialogue and partnership
- Collaboration between members is based on transparency, direct and clear communication, always considering the group and for a common purpose
- Leadership acts as a guide and coordinator of efforts and does not at any time play a dominant role over other members
- Participation in activities is done by initiative of the members and in total freedom, and always with positive consideration for the individual member and for the network as a whole
- No member shall make use of the network for other purposes that do not fit the agreed one
- Network priorities are agreed on a basis of consent and are periodically reviewed in a meeting between all members

- The network and its evolution and consolidation are based on incremental and interactive development, with regular meetings to evaluate progress, lessons learned and agree on next steps

The network's modus operandi includes monthly meetings with the Executive Committee and annual meetings with the Leadership Council. Every year the SDSN Brazil promotes a National Forum, with closed meetings for the elaboration and revision of the annual work plan, and an open seminar, in which guests are invited to discuss the topics covered by the network. This is an excellent opportunity for members to get to know each other personally, find synergies, and map out joint opportunities. As the Forum is also open to the whole community, it may also attract new members. On two occasions, the SDSN Brazil National Forum was organized along with the Annual Seminar of the Masters degree on Development Practice (PPGPDS / UFRRJ), and this was a great success for the network and the students.

4. A living and expanding network

Since the beginning of 2016, the network, which is dynamic, has begun to expand its activities to two other large Brazilian metropolises, São Paulo and Belo Horizonte. In São Paulo, the activities of the network are led by the Akatu Institute⁴ which works to raise awareness and mobilize society towards conscious consumption. With a focus on education and communication, Akatu promotes SDGs in almost all of its actions. In 2016 it began to organize itself as a chapter of the SDSN Brazil but did not promote many specific projects focused exclusively on the network.

The chapter SDSN Minas began to be structured also in the beginning of 2016, led by Baanko⁵ an organization that uses SDGs to foster the ecosystem of Social Impact Business. The first action was a call for projects that provided solutions to the sustainable development of the metropolises to compose the network's portfolio of projects.

However, the most profitable initiative to expand the network came from an SDSN Brazil project, funded by GIZ, in partnership with Casa

⁴ For further information see Akatu Institute 2019.

⁵ For further information see Baanko 2019.

Fluminense⁶ called Solutions Initiative, which aimed to better understand the challenges and opportunities for the implementation and monitoring of SDGs in the metropolitan regions of Brazil. This project has given rise to a Book of Experiences to disseminate and deepen discussion and collaborate to meet the goals of sustainable development in Brazil and Rio by 2030 (Casa Fluminense 2018).

One of the main recommendations of this study was the creation of an observatory, whose focus would be to monitor indicators and initiatives related to the goals of SDG 11 and ensure its wider dissemination to government and to society in the main metropolitan regions of the country. Thus, METRODS, the SDG Metropolitan Observatory⁷ was born, a network of institutions and organizations from civil society, the public and private sectors and academia (Blanco Jr. 2017). Initially driven by member organizations of the SDSN Brazil that participated in the Book of Experiences, METRODS in fact began its operations in Belo Horizonte and recently launched its first product, focused on the development and testing of an indicator framework to monitor the scope of SDG 11 targets in the metropolitan region of Belo Horizonte (Blanco Jr. & Amaral 2019).

The METRODS and all the activities that it has been developing is one of the examples of the connection potential of an active and dynamic network like the SDSN.

5. Challenges for the SDSN Brazil and new paths

After five years of operation, many activities developed in Brazil and the mobilization of an impressive group of members, the SDSN Brazil today has two major challenges: institutionalization and funding.

One of the major obstacles to the full operation of the network in Brazil is the fact that it is legally dependent on a national organization – usually the one with responsibility for the Executive Secretariat – to represent it. This limits not only the establishment of agreements and contracts – which need to be in full compliance with the mission and policies of the representative organization – as well as difficulties in attracting resources. SDSN Global went through the same situation: when it was created, it

⁶ For further information see Casa Fluminense 2018.

⁷ For further information see Observatorio Metropolitano ODS 2019.

operated within Columbia University, USA, and in 2014 created its own legal entity, the SDSN Association.

With the management model that has been adopted so far in the SDSN Brazil, besides the voluntary work of the representatives of the members of the Executive Committee and of the Secretariat itself, the organization representing the network ends up being overloaded, responsible for the whole operation of the network, including financially. This structure places obstacles, for example, in the path of the development of joint projects and studies among network members, which have only been undertaken when there was a financial incentive from SDSN Global.

Another factor that has weakened the activities of the network and, in some way, has led to this moment of reflection and restructuring was the fact that when SDSN Brazil was born it was highly dependent on government initiatives, both in the municipality and at state government levels. There was a very strong expectation that there would be funding and other opportunities for the development of the work of the network. However, in 2017, a new mayor was elected on the city of Rio de Janeiro, and the sustainability agenda was not as high up on his list of priorities. Thus, many important initiatives that were aligned with SDSN were discontinued or modified in terms of scope or proceedings, such as the Rio Resilient program⁸. In addition, since that time the state government has faced a severe crisis and the continuation of activities in the metropolitan region has also been severely compromised.

Thus, since the beginning of 2019, a group has been convened to meet these challenges and to seek new ways to ensure the operation of the SDSN in Brazil. What is being sought is the institutionalization of the network, with the creation of a non-profit association, which will enable not only greater interaction with members and other SDSN networks, but also allow for a more structured planning of fundraising and management. This poses an even greater challenge to the governance and functioning of the network, which is to maintain the horizontal structure of the network. In addition, we are looking at the mission and goals of the network, considering that we will be more effective and more articulate if we deal with all SDGs, with a focus on cities, but not exclusively.

⁸ Prefeitura da Cidade do Rio de Janeiro 2015.

6. *The work in networks: lots of expectations, some frustration and great learning*

“When we work with the intrinsic processes of living systems, we do not have to expend an excess of energy to get the organization moving. There is no need to push it, pull it or force it to change. The main point is neither the strength nor the energy: it is the meaning.” (Capra 2002)

Network, an interlacing of threads that forms a web. In nature, nets are very powerful: many spiders, for example, spin their highly resistant webs, which accomplish their purpose efficiently; bacteria reproduce in networks and together they reach their targets more quickly and effectively.

Network, also, integration of people, social groups or organizations around a common goal, with the exchange of information and knowledge. More formally:

“Networks constitute a democratic proposal to carry out the collective work and circulation of the flow of information, essential elements for the daily process of transformation. [...] A networked structure – which is an alternative to the pyramidal structure corresponds also to what its own name indicates: its members bind horizontally to all the others, directly or through those that surround them”. (Whitaker 2007: 4)

For a network to be born, a group of people or organizations, motivated by this common goal, meets and defines:

- in which areas the network will act (education, communication, social assistance, etc.);
- what the target audience for the operation of this network is;
- who the beneficiaries of the activities, knowledge or mobilization generated by the network will be;
- who the potential members of this network are (who are the people or organizations that should be attracted to the network so that it has capillarity and meets its objectives)

Although organic, networks need to have at least an initial strategic planning, so that their performance is efficient, and they can achieve what they want. This is what gives identity to the network and ensures that everyone shares the same goals and values.

A network presupposes a structured communication process in a reticulated fashion, without hierarchical differences (Pereira et al. 2011). In the horizontal structure of networks, every member has the same power of decision, without some commanding and others being commanded. Likewise, each one assumes the same level of responsibility, or co-responsibility, in relation to the objectives of the network (Whitaker 2007), as well as having the same autonomy to represent it. This decentralization of power generates a multi-leadership environment, and this is what produces the “typical multifaceted dynamic, original solutions, adaptive capacity, creativity and inventiveness of the network” (WWF 2003). Multi-leadership, however, only exists when the network is able to find and articulate the synergies between these many leaders, which requires a special kind of mobilization and coordination.

“Networks are open structures capable of unlimited expansion, integrating new nodes as long as they can communicate within the network, that is, provided they share the same communication codes (for example, values or performance goals). A network-based social structure is an open, highly dynamic system, susceptible to innovation without threat to its equilibrium (...). But the morphology of the network is also a source of drastic reorganization of power relations.” (Castells 1999; Vieira 2015)

In contemporary networks of social commitments, cause articulation and mobilization, individuals, rather than the organizations they represent, have their own goals, but begin to gather around a cause or commonly embraced idea. This is one of the most important characteristics of networks that enables their horizontal organization. For this, the mobilization of these actors is important for them to remain engaged. This is not an easy task, especially considering that, in most cases, participation in network activities is done on a voluntary basis, and people tend to be dispersed (Inojosa 1999).

To ensure the long-term functioning of networks, it is important to define in advance aspects related to deliverables as well as to governance. For example, so that it does not become just a discussion group, it is important to define what types of activities, products or services the network will offer to members and society in order to fulfil its mission. In the same way, it should define what are the expected results from these activities or initiatives.

Although we are talking about a horizontal structure of decision-making, rules and agreements need to be well established among all members, such as, for example, how the monitoring of actions is done. Since the network involves a multi-channel communication, it is also necessary to determine what kind of information should, and must circulate, between members and in what way. There are many possible channels such as mailing lists, websites, and ready-made platforms. SDSN Global uses Mobilize⁹ a platform created specifically to foster networks and social groups. It is a platform that can be used free of charge and can be customized for a particular community. All national and regional networks of SDSN have chat rooms within the platform. It allows members to contact one another, communicate actions and events and create topics for discussion. However, in the case of members of Brazil, it has been somewhat neglected.

In any case, nothing replaces meetings and face-to-face discussions. It is on these occasions that the members feel more motivated and it is in the moments that precede and in the period after these meetings that the activity of the network increases. The SDSN Brazil promoted, until 2017, its National Forum, once a year, as previously discussed. With the restructuring of the network in progress, one of the priorities is to resume, in 2019, the organization of this and other events that can promote meetings between the members.

Another issue comes from the challenge of keeping members' participation alive. "Activating the network means deliberately targeting the communities to which the individual belongs. Triggering the network is putting communities in action" (WWF 2003). It is very important that the network has a "cheerleader". Someone chosen, in agreement with all members, to move the network, stimulate integration, ensure that the flow of information is happening in a way that is satisfactory to all. This facilitator also has the function of keeping the network focused on the common goal, according to the rules and commitments established by all members. The person designated to do so must maintain, above all, active communication and foster an environment where members can relate. This role in the SDSN Brazil has been systematically done by someone from the organization that hosts the Executive Secretariat.

⁹ For further details see Mobilize 2019.

And last but not least, although participation in the network happens voluntarily, it is necessary to face the question of where the resources will come for its consolidation and maintenance. Creating websites, communication and engagement strategies, organizing events and other activities requires financial resources that are not always easy to come by. It is not always possible to have a donor who finances a network. In general, some member organizations develop projects that take the label of the network, but this sometimes tends to limit the work, since institutional policies and processes can make it difficult for other actors to take part in these studies and initiatives or even prevent the development of these projects if they are not fully aligned with the priorities of these institutions. In the SDSN Brazil it has been no different. Some studies, interactions and occasional mobilizations have been done in the past five years, always as the result of projects developed by the coordinating organizations or the ones that housed the Executive Secretariat. These projects have enabled the creation of the website (<https://www.sdsnbrasil.org.br>), although with no guarantee of maintenance and updating after the end of funding. They also allowed the recruitment of a person who was entirely dedicated to the mobilization of the network, keeping communication active and frequent and promoting meetings and interaction among members. This period, from 2015 to 2017, was the most active of the network, with an intense flow of information, events, joint studies and new members joining. When the project ended, the SDSN Brazil suffered a certain “demobilization” due to the absence of this person, the “cheerleader” of the network. For this reason, institutionalization may be an important solution to unlock access to financial resources.

The SDSN Brazil is therefore facing all the challenges common to mobilization networks. But it has learned from these obstacles and setbacks and this moment of detachment for reflection is important so that the network can return to its activities and have the impact it would like, thereby making an effective difference to the implementation of the SDGs in Brazil.

One important – and perhaps the most important – lesson learned from this trajectory is the role of multi-leaders in the conduct of processes and the mobilization of stakeholders. In networks, or in any group that wants to achieve a common goal, based on cooperation, especially when looking at sustainable development, it is critical that leaders act in a genuine way. They must actively listen and carefully observe, so as to act in a correct

and agile fashion. They must also consider the contexts and life histories of everyone involved so that they can identify their best skills and strengths and so that this can boost the group while simultaneously providing personal development. More importantly, leaders should be able to accept failure as a form of learning and change.

We are all different people. In networks, common goals and values help bring identity to the group, which then facilitates openness to the discovery of the other. But every interaction may be transcultural and requires interpersonal ability, open-mindedness, and genuine interest in getting to know other cultures and ways of life, thus becoming more complete human beings.

7. *Thanks*

I would like to thank all those who have never given up on making the SDSN Brazil live, those who have already passed through the network and those who will still join us in the quest for a more just and sustainable world. I would like also to thank everybody from Zeppelin University, in particular those involved in the Transcultural Leadership Summit 2018, which provided me with very productive discussions and special encounters.

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Social Start-ups and Urban Development

The Example of Insolar in Rio de Janeiro

Henrique Drumond

The aim of this article is to present how the author's background and transcultural experiences influenced the creations and development of his social startup – Insolar, and how Insolar is influencing urban development in marginalized urban slums in Rio de Janeiro, Brazil.

1. From global to local

Urban development is a growing challenge worldwide. According to the UN Department of Economic and Social Affairs (DESA), 2.5 billion people could be added to urban areas by the middle of the century, putting pressure on the demand for housing, transportation, infrastructure, and energy; as well as employment, education, and other basic services.

Although 90% of this increase will take place in Asia and Africa (UN 2018), the urban population in Latin America and the Caribbean (LAC), currently the most urbanized region in the world, is expected to rise from 80% in 2014 to 85% in 2050.

Above average, Brazil is already there. Having reached 85% in 2015, the country is expected to surpass 90% of urban population in 2030, much earlier than LAC, highlighting the need for more sustainable urban planning and services.

Urban planning was the cornerstone of Brasilia, the capital of Brazil. From the mid-1950s to the beginning of the 1960s, the city was precisely planned and built from scratch when the federal government decided to

transfer the seat of government from Rio de Janeiro to a new location in the still unpopulated center of Brazil.

Sixty years later, Brasilia now competes with Rio de Janeiro for another title – having the most populous favela (urban slum) in the country. With no urban planning, the Sol Nascente favela is growing faster than Rocinha, Rio’s biggest urban slum. However, Rio is still far ahead when it comes to total favela population.

2. *Birth from chaos*

There are five times more people living in unplanned urban slums in Brazil than the total population of Brasilia nowadays. A decade ago, the city of Rio de Janeiro alone had 1.4 million people, or 22% of its population, living in favelas. Since then, the favela population has increased. And their residents still face chronic infrastructure challenges that are not effectively addressed by governmental agendas.

This deprivation of basic resources has given birth to a rich culture of improvisation, collaboration, and entrepreneurship based on survival. Despite still being segregated from the urbanized neighbourhoods, the favela culture is a fertile ground for social start-ups – such as Insolar – that saw the opportunity to close the gap between innovation and social impact in this unique tropical environment, taking advantage of a favourable local culture, symbolized by the letters “TMJ” – which stands for “we are together” – in Portuguese; and more than 2,000 hours of sunlight a year (INMET 2019).

Together with TMJ, there is another acronym, now extracted from the start-up world, which is “MVP” – minimum valuable product. There is no better place than a collaborative, creative, and entrepreneurial favela to launch new endeavours and social technologies. And Insolar’s MVP was implemented in a community nursery right in the heart of the famous Santa Marta favela, where Michael Jackson recorded part of his video “They don’t care about us”.

Starting with a “TMJ-MVP”, the collaboration between Michael Jackson’s favela and the *start-up* became a benchmark for other projects, and the cornerstone for Insolar’s honeymoon period with Rio’s favelas. Like in a samba parade, step by step other major strategic stakeholders, from

private to public sector, from local to global players, joined Insolar's mission, embracing a vision that had a long list of reasons not to succeed.

The endeavour still faces many challenges. However, thanks to a great number of people and organizations who share Insolar's dream, the democratization of access to solar energy in Brazil is on its way to becoming a reality. What they have in common, besides betting on a solar future, is that they care about the favelas.

3. *Inherited leadership concept*

Although I was born and raised in Rio de Janeiro, my family is originally from two different regions of Brazil. In spite of their origins, both my father's and my mother's family had something in common – patriarchal leadership. Both my grandfathers and their strong personalities greatly influenced my parents and myself. Throughout my childhood, from my own perspective that was, granted, limited to my experiences within my own family, a leader was someone like them, someone who had mastered reason and whose decisions and authority should not be challenged.

As I grew up, I learned about other prominent leaders outside my family, from successful businessmen to spiritual leaders I admired. This diverse set of leaders expanded my mind and my personal view of leadership. Lacking the attributes I considered essential for a good leader, I started to build my own concept in a benchmarking mosaic. However, coping with such a diverse spectrum of personalities did me no good. While I was trying to improve myself, based on someone else's leadership style, I missed the opportunity to find my own.

After treading my academic and professional path, to some extent, based on family and social expectations, I realized I was not fulfilling my potential to the full, and I was not able to see myself leading the company where I was working, mainly due to a humanized personality I had no intention of relinquishing.

Overwhelmed by my own expectations for my leadership performance, and struggling to find my own style, I decided to take a sabbatical to start deconstructing all the layers of expectations that were turning me away from myself, to find purpose, and to understand what kind of leadership would match my personality and help me achieve my ambitions.

There is no better moment for reconnecting with ourselves than during a sabbatical. The further we are from everything, the closer we are to ourselves. The recurrent cultural shocks between our home culture and other country's reality, and also between this foreign country and the next destination of a journey, is an invitation to indulge in self-reflection, to revisit pre-conceptions, and form new ones.

4. Learning by living

Living abroad was a milestone in my entrepreneurial life. Every place I visited had something to teach me. From the "lands of opportunities", in North America, to the flooded lands of India during the monsoon season, no opportunity and no season passed unnoticed. My first destination was the city of San Francisco, in the USA, when I was still planning to start an MBA.

4.1 Protagonism & empowerment

Living as a local for a few months, allowed me to observe ordinary events in American life. I was keen to understand why the USA was so economically successful and Americans so self-confident and independent. I recall once, when I was arriving at the gym, I saw a father lifting his daughter up so that she could reach the elevator button. On another occasion, a kid was encouraged to hold tight on a high bar without anyone holding him.

In my hometown, during my childhood, the first kid would probably have been instructed to stay away from the elevator door, and the second one would never have been left in "such a risky" situation. Kids selling refreshments in the street or offering gardening services to the neighbours, initiatives that are encouraged in the USA, can mean parents ending up in jail in Brazil for child labour.

However, it was clear to me that encouraging young kids to get involved in everyday activities was gradually preparing them for life and empowering them to succeed. When the kids press the elevator buttons, they are taking charge of their ascent as it were. When they sell refreshments in the street, they are taking charge of their money. Step by step, they are ascending in life and taking charge of the economy.

From a very young age, American kids are encouraged to do their best in everything. Watching a soccer match once, in Washington DC, it was not clear to me who was actually competing: the kids on the soccer pitch or their parents in the stands. Although I understand that people might focus their energy on their own interests and potential, that pressure should be managed according to each person's level of maturity, and that there must be a balance between competition and collaboration, I saw the power of competition pushing them to their limits, leading the development of their soccer skills, and replicating the American mindset for the generations to follow.

4.2 Relativization of success and prosperity

For a whole month, I visited several universities from the east to the west coast of the USA. I loved the campuses, the learning environments, the libraries, everything. But I also learned that most people were there for a reason. From upgrading their careers to starting their own businesses, they had a plan that would guide them through their one or two years of studies. And I had no clear vision for my future yet.

While I was studying for the GMAT – the mandatory test for enrolling on an MBA course, I used half of my notebooks for the maths exercises; and the other half, from the last page backwards, for ideas and social impact projects for the future. It was just a matter of time before the MBA “brainwash” reached my entrepreneurial “brain-storm”, leaving a single blank page for either one of them.

What could have been just a trigger for buying a new notebook, became a dilemma between my old goal of further improving my business skills in an MBA and my new aim to learn by living and exploring the world, leaving that present moment with a life-changing decision. What should I do with that “blank page”? I knew it would be a painful struggle to leave the firm lands of a predictable career and to paddle in the vast ocean of possibilities with no clear destination in mind. Moreover, I had read a quote from the Roman Stoic philosopher Lucius Annaeus Seneca that said, “If one does not know to which port one is sailing, no wind is favourable”.

However, instead of diving into the business world, my business, at that time, was to explore the world myself. Sailing against the winds, I

decided to give up the MBA and join an NGO in Mozambique. Since part of my job was to interview local owners of maize mills, I traveled a lot inside the country. I visited some rural cities with no electricity grid where most of the houses had probably been made the same way for centuries using local materials found nearby. In other cities, considered more developed, most buildings were made from concrete and some were painted by one of the two major local telephone companies who offered financial compensation for using the houses' facades for advertising.

In one of these rural districts in Nampula – a province in the Northeast of Mozambique – our team stayed in a very small and simple hotel. After we had chosen our dinner from the menu, the hotel manager rode off on his motorcycle to buy the ingredients. There were no more than six to eight guests at the hotel that day, including the three of us, two volunteer consultants and the NGO's local employee. While we were waiting for dinner, we decided to climb a small hill behind the hotel. There were no signposts to point the way to the trail. It was probably only known to locals. But it was one of the best hikes I had ever had, and one of the best sunsets I have ever seen.

Soon after we returned from the hike, the hotel manager arrived with a recently sacrificed chicken on the back of his motorcycle. He turned on a diesel generator to light up the place for dinner, which was cooked in a hole in the ground nearby and eaten with no cutlery – an authentic immersion in the local culture that connected us even more with the local residents, reality, and pace of life. Still, we could not avoid the question. With such an amazing “private hill” behind his hotel, why did the manager not advertise that? Or change the name of the hotel to benefit from the most outstanding natural attraction of that place and boost tourism in the region?

Nampula was naturally blessed with beautiful hills, patiently hand-crafted by time, which resembled the landscape of my hometown. In Rio de Janeiro, similar hills were among the main attractions showcased on postcards and in guidebooks. From the Santa Marta favela, for instance, one could see three of them: Sugar Loaf Mountain, the Two Brothers, and the Corcovado hills. In Nampula, in a quick and informal chat with the residents, I was not able to learn much about the local hills. It seemed to me they did not even have names. In the end we ended up not even knowing what to call them. And eventually we realized we could not call

the hotel manager either. He had no phone number for reservations, even though cellphones were not hard to buy in Mozambique.

Perhaps having only a few guests every other day was good enough for him, enough to cover his living expenses. We perceived no need on his part to upgrade his hotel to the most popular hotel in the “city of hills”, as he probably could have done. Perhaps, for him, success was not connected to a growing and highly profitable business. Or perhaps he had not been encouraged to be more ambitious. Tourism, as we knew it, was not part of their reality. To avoid being indiscreet, we changed the subject during dinner and went to bed with our questions unanswered. But the questions remained in our minds and kept us awake.

The next day, before we left, we went for another walk in the city. We saw again, from very close by, the simple houses made entirely from natural materials. The “poor houses” were probably made with the same materials that trendy architects use nowadays for high-end ‘rustic’ houses in developed countries; that environmentally-conscious people promote as the materials of the future; and that energy companies advocate as being highly energy efficient alternatives to traditional building materials.

After the field trip ended, we drove back from rural Mozambique to Nampula airport in order to return to the capital, Maputo. En route, the urban landscape gradually shifted from rustic houses to concrete again. We had spent some days with no television, no electricity, and no advertising billboards. All the places we visited, the people we met, and the lack of urban life made us ponder what prosperity and success really meant, and how the concept might be different for each person, depending on local context and individualities.

We were already nostalgic about the beautiful and silent hike up the hotel’s “secret hill”, and the rustic houses handcrafted in total harmony with nature, following the traditions of the community’s ancestors. To see concrete again was a visual shock that led to antagonistic feelings. On one hand, we expected the local entrepreneurs in the villages we visited to prosper and improve their businesses. On the other hand, deep down, we simply hoped they would not change so much that they lost their beautiful and simple lives and changed their traditional houses for concrete structures overloaded with advertising. There must be another path for prosperity.

4.3 Consumption and standards of living

After three months in Mozambique, the volunteering was over. I flew from Maputo to Johannesburg, then to Dubai Airport for another connecting flight onwards to my next destination. Three months earlier, I had been at the same airport, on my way to Mozambique. Now, on my way back, the experience was totally different.

I still admired all the human ingenuity and technological improvements that allowed the construction of such a modern building. However, I was just not sure whether people were happier or more successful in a place such as Dubai, with everything conceivable available to buy; or in a rural village in Mozambique, with no supermarket for miles around, but lots of smiles everywhere we visited. As an observer and a subject of consumerism, I realized all I needed, at that moment, was there with me, comfortably packed in two bags or uncomfortably mixed in my memories.

4.4 Technology at the service of society

You cannot find fish in the desert, unless you are in Dubai. If you are into snowboarding but have no time to fly to the nearest ski resort, no problem. There is also an artificial ski slope nearby. Everything you want to buy and anything you want to do – from a ski descent in the “world’s largest freezer” to an elevator ascent to the tallest skyscraper – is possible in Dubai. As long as there is a buyer there will be a seller. All the best technologies are there, at the service of consumption and entertainment, which seemed to be one and the same in Dubai.

I had already learned that progress and prosperity are relative concepts. To “copy and paste” Dubai into Mozambique might not work well. But what if rural villagers in Nampula and urban citizens in Maputo had access to all the technologies they needed, not for increasing consumption, but for achieving their own version of prosperity and improving their standard of living according to their own vision for the future of their families and their country?

4.5 *Local wisdom*

In the city of Maputo, the street vendors follow you day after day to sell you something, anything. They work as a network, exchanging information and updating their portfolio of products according to consumers' needs. They have no software for that and probably do not take notes about your wishes and demands, since most of them are illiterate. But a good memory and persistence are the keys to survival in Maputo's street-selling business. Their knowledge of their customers follows a logic similar to that used by sophisticated Customer Relationship Management (CRM) systems.

For their job, in their city, they are better able to survive than most foreigners with high levels of education in the same situation. If anyone intends to improve the standard of living of street vendors in Maputo, they should be the first to be listened to. If the intention is to improve business models and equipment for maize mills, the maize mill owners should be the first to be listened to. Local knowledge is local wisdom. For real transformation to happen, the local voices need to be heard. And for transformation to last, local people need to be the protagonists of their own futures.

Understanding that encourages us to see everyone at the same level, on an equal footing, not from above. It encourages us to listen and to open our minds to new ideas and new perspectives. Eventually, or more often than we expect, we realize that our pre-conceptions might be wrong, or we have failed to see and to consider key aspects in our decision-making process. Our opinion was not the best, or it might not have worked well in that context. Thus, it creates the conditions for constant learning from others and for personal improvement, fundamental premises for success in a transcultural and multi-stakeholder collaboration network.

4.6 *Filling my transcultural toolbox*

After Mozambique and the brief stopover in Dubai, I had the opportunity to visit other countries, and to experience something different in each of them. In Thailand, I felt at home as soon as I arrived. Everyone seemed to be as friendly as old friends. On a large scale, that makes all visitors feel welcome. It comes as no surprise that Bangkok has already topped

the Global Destination Cities Index (Monti 2018). Kindness and empathy connect people, providing a fertile ground for collaboration. For addressing major global challenges, from remedying a tsunami disaster to promoting energy transition, we need broad collaboration. And to access all the necessary tools and skills, we also need an inclusive approach that makes the most of every stakeholder.

In Switzerland, where I lived for ten weeks, I signed up with a friend for the Sierre-Zinal trail race. Fortunately, he did not tell me in advance about the level of difficulty, the total distance, nor how steep the trail was. At that time, I believe, I had not run more than eight or ten kilometers, usually, on the flat. Gradually, with enough training, the correct diet, persistence, and support I was able to finish the race in five long, but beautiful, hours. The last one or two hours caused me a certain degree of pain. To be honest, soon after I finished, my first thought was to never do that again.

As Albert Einstein once said, “The mind that opens to a new idea never returns to its original size.” As soon as the pain had faded away, I was not too sure whether my trail race “career”, that had started in the city of Sierre, had already ended in the city of Zinal. However, the “new idea” for me was not about running, nor about a race, but about goals. Establishing ambitious goals, sharing them with a friend, preparing myself to achieve them, and finally succeeding, straightened my self-esteem, rewarded my body with hormones, and provided my mind with a satisfying feeling of mission accomplished.

I did not yet know what my next goals were. But I knew that, with proper training and support, whatever the goal was, it was no longer beyond my reach. It also strengthened in me the will to understand and to break down the mental barriers that prevented me, and everyone else, from following our dreams, overcoming our fears, and conquering our goals. I had already seen too many dreams die in front of me even before they left the dreamer’s mind. After Sierre-Zinal, I needed a new goal.

It just took a few days after the trail race for another friend to invite me to climb Mont Blanc – the highest mountain in the Alps and the highest in Europe west of Russia’s Caucasus peaks. Having heard about my latest accomplishment, a French friend assumed I would be ready for this new challenge. With no training and not enough time to allow my mind to open itself to the possibility of that new accomplishment, the following weekend I traveled to Chamonix for my first mountain climb ever, in deep snow.

In the beginning it all went well. Though my French friend could not join me thanks to an injured knee, he had delegated the guiding to a professional climber. He provided me with all the necessary equipment, food and water supplies. But with no physical and mental training for the climb, before we reached half way, my right hand became numb from holding the ice hammer too tightly. Also, I had drunk all my supply of liquids and my sandwich was too hard to be eaten by my frozen jaw. With no usable hand, isotonic drinks, nor food, I had to scale back my climbing goal. As soon as we reached the peak of Mont Maudit, one of the peaks of the Mont Blanc massif, my survival instincts won me over and I called it a day.

Back in Geneva, my Swiss friend and his wife invited me for a barbecue, where his family was christening a new barbecue which had no more than two or three buttons. Surprisingly, at least for me, half of the family spent quite a while reading the manual – something very unusual in Brazil, at least the area in which I lived. And another cultural shock. Thorough planning and execution are embedded in Swiss culture.

With proper planning, my Swiss friend overcame his vertigo and successfully climbed to the summit of Mont Blanc, improved his records in *Sierre-Zinal* year after year, and prepared an amazing barbecue for his guests, except me – who was vegetarian at that time. In a sabbatical moment, planning was not something with which I was familiar. However, Swiss culture also had something to teach me.

Success and failure are good teachers. But though we learn something when we succeed, we learn much more when we fail. From small to big mistakes, failure is part of life, especially if we intend to live it to the full, and to develop our full potential. My Swiss friend once said, “To live without taking risks, is to take the risk of not living”. And he walked the talk, but always prepared himself for every challenge.

My failure in Chamonix was not to give up reaching the highest peak of the Mont Blanc massif, which might have seriously injured me, but to accept the challenge with no time for the necessary preparation in the first place. My mind was prepared to climb Corcovado hill, but it had never seen nor envisioned climbing Mont Blanc. It was just not open to that new idea yet. Taking risks would always be part of my future life as an entrepreneur. Nonetheless, to consciously select the risks and prepare myself for them would be my new policy.

India was my last destination and a mandatory stop for a sabbatical, though I had no spiritual epiphany during my stay. Spending three months there, during a few conversations with locals, I had the opportunity to learn that silence is not a bad thing. It calms our minds and allows us to see things more clearly. Perhaps this explains the growing demand for yoga and meditation classes in the western world, occasional silent retreats for urban citizens, and high-tech capsules for quick naps in business centers known for long busy days and tough competition. Silence brings inspiration – a key tool for a world of ever-increasing transformation. And, as a bonus, we become more productive when relaxed. For the Indians, however, silence and meditation were more a reflex of their spirituality and culture than a business tool.

Although I did not visit Japan during my sabbatical, thanks to the internet I also had the chance to learn about a Japanese philosophy, summarized as a modern graphic that caught my attention. Four circles, overlapping each other, representing “what we are good at”, “what we love doing”, “what we can be paid for”, and “what the world needs”. At the center, I saw the Japanese word “Ikigai”. The graphic reminded me another quote attributed to Aristotle that said, “Where your talents and the needs of the world cross; there lies your vocation.”, which represents half of the Ikigai graphic. Considering that Aristotle was very competent in his *métier*, enjoyed his work enough to found his own school and, two millennia later, we are still talking about him, I would risk inferring that he also found his “Ikigai”.

Knowledge has many faces and levels of complexity depending on when and where they take their forms. However, basic human wisdom, from ancient Greece to modern coaching graphics is, at its core, the same. This “common wisdom” connects all nations beyond cultural barriers and across times. And mastering it is crucial for transcultural relationships and leadership.

Like many other skills, it takes time and persistence to succeed. However, like climbing Mont Blanc, or running the Sierre-Zinal, the route for developing transcultural leadership skills offers many rewards along the way. It is not about reaching the end as fast as one can, but taking the best out of the journey – to paraphrase ancient teachings, very useful nowadays that our attention is either looking to the past or targeting a future goal, while our life passes by only in the present.

4.7 *Back to Brazil*

Eventually, I returned to my hometown, Rio de Janeiro, in Brazil. As with most of my sabbatical, my return trip was also not planned in advance. I did not bring many souvenirs of my trip back with me. Just good memories and valuable learnings. And I knew I did not want to return to the corporate world again, even though I intended to use my business experience in the next phase of my life. Also, though I worked with my Brazilian friends on interesting projects after my return to Brazil, I realized I did not want to work or volunteer for someone else's project, regardless of how fascinating they were.

I needed to find my own way, start my own endeavours, learn by doing, and combine my business tools with everything the world had taught me. Far away from India and Mozambique, my sabbatical experience was still fresh in my mind. And just below my feet, my homeland was no longer mine. Brazil had changed. And I had changed too. At that time, I was somewhere between a global citizen and a Brazilian. Returning to Brazil was like meeting a school friend decades later and realizing we had evolved in different directions, even though we still had our commonalities. We could still be friends, but the friendship would be different to if we had evolved together.

My relationship with Brazil had also evolved. Despite all the riches and beauties of my homeland, all the virtues and positivity of my compatriots, I had left the country with negative feelings and had condescending emotions towards local reality, as if it could never change for the better as much as I expected it to. And I returned with a propositional mindset, eager to become an active citizen and to take ownership of the changes I had dreamed for my hometown by “walking the talk”.

Looking at Brazil through a new lens allowed me to be more critical about everyday events and national issues. But while going against major issues I did not agree with would use up all my energy and peace of mind, supporting themes that I thought to be the right things to do, on the other hand, revitalized me and strengthened me to move forward.

4.8 *Back to Urban Development*

My intention, then, was to promote “positive energy”, driving my own personal energy to empower other people to reach their full potential; nurturing their positive ambitions with opportunities; developing their skills with education; equipping them with technology; and working in collaboration with other stakeholders to drive all the necessary resources to ensure positive, broad, and long-lasting impact in the urban environment of Rio de Janeiro and elsewhere.

There was no better place for collaboration than a favela; no better use for a technology than to place it at the service of society; no more democratic energy source than the sun; and no better time to launch a social business, such as Insolar, than in the time window opened before the 2016 Olympic Games. At that time, Rio de Janeiro’s infrastructure was undergoing widespread improvements, and the hope for a better future among favela residents was stronger than ever.

The ‘pacification’ of violent territories, the access to basic services, the infrastructure improvements, and the pride in hosting the greatest sporting event in the world allowed the cariocas – Rio de Janeiro citizens – to look at the future with optimism. The UPP (Pacification Police Units) Program, responsible for establishing the local presence of police officers in Rio’s main favelas, also facilitated the exchanges between the favelas and “the asphalt” – urbanized neighbourhoods. And optimism about urban development was bringing diverse initiatives towards common goals.

Thanks to the preparations for the Olympic Games, significant resources from the Federal Government were injected into the city for building the Olympic infrastructure, new transport, roads, subway stations, tunnels, and bridges. In the favelas, in addition to the UPPs, basic infrastructure and services such as energy and water supplies also improved. Gradually, as access to the electricity grid was formalized, the favela residents started to pay for their energy consumption.

Aware of the favela residents’ limited budgets, despite the installation of energy meters in favela buildings, at the beginning energy bills were subsidized. And the subsidies were gradually reduced, giving the families time to adjust their budgets to the new reality and be able to settle their energy bills in full.

In addition to the gradually increased energy prices in the favelas of Rio de Janeiro, Brazil was suffering an energy crisis. The country’s hydro-

electric power plants, responsible for most of the national electricity supply, were operating at their lowest levels in many years. For the favela families, the cumulative impact of the decreasing subsidies and an the increasing energy costs nationwide turned energy into one of the top expenses in the favelas, compromising the financial resources that could, otherwise, be invested in better education, better food, and a better future for all the families leaving in such vulnerable conditions.

4.9 Back to Social Start-ups

Brazil is the 5th largest country in the world. It is internationally famous for its sunny weather, usually associated with the never-ending beaches and summer. Considering that solar energy generation depends on the availability of space for the photovoltaic installations and the intensity of insolation, the country is one of the most promising solar powers in the world. Rio de Janeiro, for instance, has more than two thousand hours of sunlight a year. If solar panels were installed on all the available roofs of the city, the energy generated would be equivalent to twice the energy need of all the residences in Rio combined (EPE 2014).

The widespread adoption of solar technology in Brazil was not a matter of “if”, but “when”. And I was also aware of the energy challenges faced by Rio’s favelas. Therefore, promoting solar installations where they were most needed sounded like a promising goal for my next endeavour. However, I would still need to find a way to invert the innovation adoption curve (Rogers 1983) of photovoltaic solar panels in Brazil so as to be able to provide an economically feasible and scalable solution to democratize access to solar energy in the country.

Simply sharing my solar intentions was enough to encourage one of my friends to introduce me to her friend Michel, a solar enthusiast who would later become my business partner at Insolar. As an economist and a business administration graduate, we both wanted to combine our corporate backgrounds with our social and humanitarian vocations, placing technology at the service of society, starting with the favelas of Rio de Janeiro.

In 2014, Michel and I launched Insolar as a social business (Yunus 2009) – a hybrid organization that operates as a business but is inspired by, and dedicated to, a social mission. Insolar was the first social busi-

ness in Brazil dedicated to the democratization of access to solar energy. Personally, it was a strategy to reconcile my past experience with my vision for the world, as well as the rational side with the emotional side of my brain. Insolar was my new boat, in the ocean of life, to find my Ikigai.

5. *Learning by doing*

With my new Ikigai goal, all the professional experience I had accumulated in the business world, and all the life tools I had collected during my sabbatical and before, I was ready to start my new endeavour with Insolar. I had learned that prosperity could be achieved by placing knowledge and technology at the service of society. And I was eager to do something to improve the quality of life in my hometown, Rio de Janeiro, and in Brazil as a whole.

5.1 *Validation & Reputation*

This was an ambitious goal – democratizing access to solar energy in Brazil would require broad and diverse collaboration. However, as a newly founded start-up, we had no credentials to gain support for our endeavour. At that time, even the legal structure of Insolar as a social business, a concept that did not yet exist in Brazil, was a challenge. Since our first objective was to validate our business model and legal structure, we applied to join a network of pro-bono legal advisory, named TrustLaw Connect.¹ And one of their pre-requisites was that Insolar presented some kind of business model validation.

At that time, SEBRAE (Brazilian Micro and Small Business Support Service) was hosting its 1st Social Business Marathon in Rio de Janeiro. It sounded like a good opportunity to validate our business model in order to join TrustLaw Connect. We joined the competition with a very complex business model, even compared with the already challenging business model we ended up implementing, but not expecting to win. However, to our surprise, Insolar won the competition. It was the valida-

¹ For further information see Thomson Reuters Foundation 2019.

tion we needed to become a member of TrustLaw Connect, but it was also encouraging feedback indicating that we were heading in the right direction. Urban development in Rio's favelas was in the national spotlight.

5.2 Knowledge & Network

We joined SEBRAE's marathon for validation, but we left it with a prize that set the seal on our reputation. And it opened many doors for Insolar, including a capacitation program named LiveWIRE, powered by the company Shell. We did not know what to expect from the program, but we decided to join it anyway and make the best of the experience. To be part of a network of start-ups that shared similar challenges was also valuable for us. Some of these start-ups joined forces with Insolar a few years later, enabling us to adopt a holistic approach in our community projects, combining complementary expertise for achieving common goals.

5.3 Collaboration with the third sector

Combining SEBRAE's and LiveWIRE's seals, we were able to receive a sponsorship offer from an NGO called Sitawi Finance for Good. They were interested in exploring the promising renewable energy sector and they gambled on Insolar's vision and pilot project. At that time, the third sector was already paying close attention to social start-ups for their ability to lengthen the lifetime of donations, maximizing impact in the long term. In the NGO world, good and reliable impact metrics are key. And photovoltaic (PV) technology has an advantage in this regard. It automatically generates real-time KPIs and displays for everyone anywhere with access to the internet. Understanding the culture of impact metrics was key for Insolar to be accepted as a social and environmental impact business.

5.4 Multi-stakeholder collaboration

At that time, we understood that the major challenge for Insolar was access to funds. A photovoltaic installation could cost the price of a house in a favela; people had no savings nor bank accounts; and banks were not

willing to lend them money – considering that most favela residents could not even provide official proof of residence, since they had none. Accessing all the available funds and support was a key success factor. Therefore, we decided to join forces with different stakeholders and implement a co-funding business strategy.

Knowing that the favelas' willingness to work together was key for Insolar's success, we visited several favelas with the UPP Social team – the social unit of the UPP program, in order to find the best location for the pilot project. All the favelas we visited were very excited about solar energy. However, Santa Marta stood out because of its strong culture of collaboration, openness to new ideas and technologies, its proximity to Insolar's headquarters, the smaller size of its population, and the fact that we could envision making a difference for them.

Santa Marta, at that time, had about four thousand residents. It preserved the spirit of community I had seen in Nampula, and it was home to large families who had lived there for many decades. Everything implemented in Santa Marta could, directly or indirectly, impact the community as a whole. Moreover, Santa Marta was the first favela to be 'pacified' by the UPP Program and was a springboard for accessing other favelas in Rio. Combining funds from the Consulate General of Germany in Rio de Janeiro, the local energy distribution company, a global energy producer, and an NGO, Insolar launched its pilot project in Santa Marta. The installation of LED lamps, a thermo-acoustic roof, and a photovoltaic system; combined with other energy efficient initiatives led by Mundo Infantil nursery team reduced some of their energy bills to zero reais (national currency).

The selection of the community nursery – founded by local women thirty years before as a safe and healthy place to leave their children while they went to work – was a result of several visits and meetings in Santa Marta. With all their enthusiasm, we can say that it was actually the Mundo Infantil nursery team that chose Insolar to implement their solar installations, rather than the other way around. Also, solar panels can last up to thirty years. Providing one year of renewable energy for every year the nursery team had dedicated their energy to the local children was very meaningful for us. Although the first solar panels were not installed by the residents at that time, the locals participated in every other part of the project, from installing the new roofs to improving electric

installations and enabling the photovoltaic system to access the local Wi-Fi and to send energy data to Insolar’s team and the nursery managers.

5.5 Not seen, not remembered

In marketing parlance goes, “who is not seen is not remembered”. Elana, a local photographer from the Santa Marta favela, is known for always repeating this saying. Visibility is key for Elana’s business, and also for social start-ups eager to collaborate with the private sector to scale up their business and their social impact. And the LiveWIRE program provided Insolar with the visibility that attracted the attention of Shell’s global team. Looking for energy start-ups worldwide to support through their new #makethefuture global campaign for energy transition, the energy giant invited Insolar to be the first start-up supported by the #makethefuture accelerator and to represent solar energy in their global campaign.

5.6 David and Goliath

In addition to the high profile provided by the campaign to our mission, Insolar joined forces with the multinational to implement a major solar project with maximum social impact. Considering the success of Insolar’s pilot project in Santa Marta and the relationships already established in the favela, the community was the natural choice for the local scale-up project.

Our common goal was to ensure that the project was successful in the short and in the long run. Installing 200 solar panels in a small favela could provide 25 years of free and sustainable energy for the buildings selected. We had no budget to install solar panels in all the houses, nor would it contribute to Insolar’s mission of democratizing access to solar energy. If a single family received a free PV system, no one else would be willing to pay for that. And, as a social business, our intention was to find a sustainable solution to help people afford to generate their own energy, but not to do it for free.

A broad and long-term collaboration between a multinational oil company such as Shell, and a local renewable energy startup such as Insolar was unusual. For a start, renewable energy and fossil fuels were supposed

to be opponents. I admit that it took me some time to reflect on the collaboration. But the decision to move forward was an obvious one.

Through Insolar, I did not intend to go against other energy sources, but rather to promote the advantages of renewable energy instead. By collaborating with Shell, we were scaling up Insolar's positive impact and, at the same time, supporting Shell's ambitions to explore new and sustainable energy sources, technologies, and business models, towards becoming an energy company, in a broader sense. In some way, in some level, Insolar could contribute to their energy transition and speed up energy transition worldwide.

Imagine all the energy companies supporting renewable energy startups for energy transition, all the supermarkets supporting local producers to boost small farmers, all the car manufacturers supporting eco-friendly batteries to power electric vehicles, and so on. For Insolar, finding common ground for collaboration between the culture of a major multinational with the resources to influence the whole energy market and the disruptive culture of a social start-up could be an amazing and transformational instrument for addressing major global challenges.

I cannot precisely measure the impact of that collaboration, but together with other renewable energy startups worldwide, Insolar was showcased in two video clips that turned a technical subject such as energy into something exciting. The first video clip reached 1 billion views worldwide across all social media and internet channels. How many of those people who watched the video clip were inspired to enter the field? How many new energy endeavours were launched thanks to the #makethefuture project? How many low-income families and communities opened their minds to the possibility of generating their own energy from sunlight after they learned about solar energy generation in the Santa Marta favela?

Though I know many examples for each of those questions, I do not know the precise numbers. But the unexpected collaboration between a still small startup and a major energy company proved that, when we focus on commonalities and on building a common goal, David and Goliath can perform a very effective duet.

5.7 *Community first*

I had learned in rural Mozambique that success is relative, and that local wisdom should always be part of decision-making processes, at both local and global levels. And when I was in Macacos, the first favela I visited thanks to Insolar, a local businessman explained to me that he would be more interested in promoting a renewable technology than in the financial benefits from generating his own energy. That went against the prevailing thinking that, in a poor community, money should necessarily be the residents' primary, and maybe only, concern.

Favela residents are usually the last adopters of new technologies. They rarely have the opportunity to be notable innovation pioneers, despite the everyday innovations that take place in these environments. Far away from tourist areas, some favelas are even invisible to everyone but the police. By the local businessman's unpredictable reaction concerning minimizing the importance of saving money with solar energy generation, he taught me about his idea of success that helped me see the importance of always listening to people and challenging our most deeply rooted assumptions.

In the Santa Marta favela, taking advantage of local wisdom, we delegated the main decisions to the residents. Together with another social start-up that had developed an inclusive survey² methodology and technology, the residents we trained interviewed 259 other residents about their energy problems and energy needs. Also, the interviewees indicated the community places they considered relevant for them and for their families. Based on that survey, Insolar selected those places for the photovoltaic installations. But how could we ensure the solar panels would work for 25 years? And how would the community benefit most from the project?

5.8 *Capacity Building*

Capacity Building was key for the legacy of Insolar's projects and future. It was not enough to listen to the residents and to involve them in the project decisions. The residents needed to appropriate the technology,

² "Inclusive Survey": The locals are trained and equipped to perform the survey themselves, interviewing their neighbours.

and everything related to it. I had learned in the USA how participative leadership empowered people to take charge of their lives. Encouraging the local residents in Santa Marta to take charge of the projects would be key not only for the maintenance of the equipment, but also for the resident's long-term success.

The residents had already taught me that bringing professionals from the "asphalt" to implement local projects could take away local jobs and deprive them of the opportunity to increase their incomes. Therefore, we offered the residents one hundred hours of technical training on issues such as electric installations, safety procedures, working at height and on photovoltaic installations. The training package prepared them not only to perform the solar installations for the projects themselves, but also to keep the equipment operational in the long run, launch their own energy and solar businesses, and to find employment in the growing energy market.

The main goals for a capacitation initiative had to be long-term job creation and income generation. Two hundred solar panels would not create jobs for everyone we trained. But their new skills and certifications would open the door to better jobs and new opportunities. Including additional courses such as "basic principles of electricity" allowed the students to retrofit the electric installations in their own houses, to make money in the favela, and to find jobs in the surrounding neighbourhoods.

Most people who live in the favelas are very hands on. Therefore, the training was adapted to the local culture, with as many practical classes and extra-curricular activities as possible. During the classes, some students even offered their electric services to their neighbours for free just to practice their new skills. Additionally, Insolar implemented energy efficiency retrofits in some of Santa Marta's community buildings in order to offer the students the opportunity to practice and gain confidence and work experience: a competitive advantage when it comes to workforce recruiting and selection processes.

5.9 Releasing local talent

Favelas are usually associated with violence, informality, poverty, and other negative qualities. And everything we repeat over and over again ends up becoming a reality. Not necessarily in real life, but in people's

minds first. Favela residents are bombarded since childhood with negative attributes. Self-fulfilling prophecies condemn some of their talents to ‘self-boycott’ and compromise their professional performance and careers.

There is no real difference between favela residents and “asphalt” residents. According to DNA studies, humans are 99.9% identical regardless of where they live, from South Pole to North Pole, from east to west (Highfield 2002). All the diversity we know in humankind around the world is condensed in a tiny 0.1% ratio of our genome. What separates favela residents from their dreams are mostly mental, social, economic, and cultural barriers that have nothing to do with inner potential. Understanding stereotypes and limiting beliefs is fundamental to deconstructing the barriers that prevent people from achieving their full potential.

As Professor Muhammad Yunus, the 2006 Nobel Peace Prize winner and founder of the concepts of micro-credit and social businesses, once said, “Poor people are like bonsai trees... There is nothing wrong with the seed you planted; only the soil-base that is too inadequate.” All they need is a favourable environment. “Once they are able to release their full potential, poverty disappears”. And since there is no prosperity in a country whose citizens are not encouraged to elevate their talents to maximum power, addressing poverty should be a major national and collective priority.

5.10 *The power (of the) plant*

Pedro Álvares Cabral is known to be the first man from the European continent to reach Brazil. And what is considered by many today as being one of the most accurate accounts of what Brazil used to look like in 1500 was a letter written by his fleet secretary, Pêro Vaz de Caminha, to Manuel I of Portugal (Schwartz 2010). In one excerpt from his letter he wrote that Brazilian lands were so blessed by nature that everything planted could be harvested.

Favela is the name of a plant whose scientific name is *Cnidocolus quercifolius*, which covered the region where the first low-income communities with precarious infrastructure, later named favelas, were established in Brazil in 1920. It is “a fast-growing plant that thrives in full sunlight and is tolerant of many soils...” containing thorns and white flowers (Lorenzi 2002). Given the right conditions, the plant can grow up

to eight meters high. With the fertile and vast lands described by Pêro Vaz de Caminha, and all the solar energy required by the plant to succeed, the Favela is spread throughout a dozen states of Brazil.

Although what is considered “favourable conditions” may vary from plant to plant, in general terms, they all need enough water, nutrients, sunlight, and oxygen to grow healthfully. Similar to the plants, the low-income communities bearing the same name also require a favourable environment. This “organic” perspective is what drives Insolar’s community strategy. We nurture people’s brains with education and expand their minds by supporting their dreams. We energize the favelas with sunlight and empower them with technology and opportunities. We strengthen the community roots with dialogue and extend their reach with collaboration.

6. *Insolar Communities*

Insolar was idealized to place technology at the service of society. Although we promote photovoltaic installations, we see solar panels as a means and not an end. Enabling a family to generate their own energy from sunlight is not just a matter of reducing their monthly expenses, it is about empowering them to take charge of their life and their future.

Low-income communities in Brazil are commonly referred to as “vulnerable communities”. One would not deny that the absence of basic infrastructure hampers the future of their residents. But treating them as passive victims of society is to ignore their individual and collective ability to overcome adversity and to find a way out of poverty once the necessary tools are placed at their disposal.

6.1 *Inverting the innovation curve*

Whenever a global crisis emerges, we tend to say the world is “upside down”. Therefore, adopting “upside-down” strategies can help us cope with reality in a very unique way. At Insolar, we decided to take high-end technologies and place it in low-income communities, inverting the natural innovation curve and anticipating the positive impacts of the photovoltaic technology, for instance. It required us to find a unique business model that would evolve over time. Starting with a co-funding strategy to

enable the first photovoltaic panels to be installed free of charge, and gradually shifting to a commercial operation where the favela residents are able to afford the technology themselves.

By adopting this strategy, Insolar was able to kick start solar technology much earlier than low-income communities could ever consider affording it. At the same time, Insolar gained scale and reputation that allowed the acquisition of solar panels at lower prices. Also, we trained local people to perform the installations, and we persuaded the financial sector to fund the equipment. With lower prices, local workforce, adequate funding, and a broad network of supporters, step by step, Insolar strengthened its ability to take high-end technologies to low-income communities, closing the gap between innovation and social impact. We have gambled on the transition from 100% sponsorship to 100% financing for the residents. And we invest our time and energy to speed up this process.

6.2 Changing roles

Did Insolar help low-income residents to succeed, or vice versa? That reflection may sound rhetorical, but what would Insolar be without the favelas? As the recipients of the solar installations pay back the financing, the funds allow Insolar to install solar systems in other houses. Are the recipients of the solar systems consumers paying their debts, or are they sponsoring their neighbor's installations? Moreover, we train local people to do the installations in the favelas in which we operate. Are our students Insolar's workforce or ambassadors of the technology in their community?

At Insolar, we consider we are the main beneficiaries of the favelas; the recipients of the technologies are the sponsors of their communities; and our students are the ambassadors of the future. This way, we see the favelas as the protagonists, and we encourage them to see themselves the same way.

6.3 Dissolving paradigms and stereotypes

When I was in high school, I had a very personal way of understanding grammatical rules. I needed to learn all the exceptions. By doing that, the rule became very clear to me, although it also became less of a rule. The

rules are solid until there are exceptions. It just takes a single object to defy gravity for us to question Newton's famous law. And it takes just a single exception for something to shift from impossible to possible.

Although we are not consciously aware of most of the rules that govern social and cultural interactions, bumping into exceptions is what it takes to dissolve the restrictive beliefs that prevent us from seeing other possible arrangements in society. One can say that a house in a favela will never be able to generate their own energy from sunlight until there is a single solar installation that proves the opposite. One can say a favela resident will never find a quality job, until a single resident starts his own energy business and succeeds in the field hiring his neighbours to work with him.

The exception does not prove that the opposite is true for everyone, everywhere. But it shows that some paradigms and stereotypes, taken as rules, are not solid. The mental shift from impossible to possible is the first step towards dissolving mental barriers and opening minds for cultural transformation.

6.4 Exponential growth

There are more than ten million people living in favelas in Brazil. Installing one solar panel at a time will never lead to the democratization of access to solar energy in Brazil. Therefore, Insolar adopted a strategy of exponential growth. We started with a pilot project, followed by a community project, and then a city project, with several low-income communities together. At every stage of the business, we gain more and bigger supporters, speeding up the access to new territories, gaining the trust of Insolar's stakeholders, increasing the funding sources, and raising the 'capillarity' of our operations.

6.5 Creating commonalities

People are 99.9% alike. We may agree or disagree with each other on various topics but, in essence, we are alike, with 99.9% commonality. As long as we focus on that, we have a good starting point for collaboration. And that is what we do at Insolar. When we enter a new territory, the first

thing we do is to ensure the locals understand we are equals. Though we might live in different locations, we share the same country or, at least, the same planet. Though we might have a different strategy for achieving success, we all seek prosperity. The center of Insolar's discussions and collaboration is a common goal.

We promote solar energy, democratization of technology, overcoming poverty, quality education, social entrepreneurship, job creation, and so on. All together they represent our vision for the future of our city, of our country, and of the world. And it is very hard to find someone who does not agree with this vision. We also avoid polarization. We could easily polarize with the energy distribution companies – since they will sell less energy if Insolar succeeds; or the fossil fuel producers in order to gain support from “the other side”. But we nurture a positive and propositional relationship with everyone instead. Great challenges require broad collaboration. That is not the only way to go, but the one we have chosen, the one that works best for us.

By not confronting anyone, we tend to be heard and respected by everyone, including the main energy distribution and energy production companies in Brazil. By preserving positive and empathic interactions, we learn more about everyone's perspective and establish constructive relationships. And when we see the big picture, it becomes easier to find win-win solutions for everyone. Perhaps not all the solutions people expect from us, but honesty and transparency always help to align expectations and ensure a healthy and lasting relationship.

In the communities we operate in, we nurture positive relations with all the local leaders, from local activists to religious leaders, and all the residents so they quickly learn about our intentions. As soon as they see a positive impact in the favela, their trust increases together with their willingness to collaborate. We do our best to enjoy what we do. And that also raises people's interest in working together with Insolar. And we do our best to succeed and to benefit as many people and as much as possible. People see that. People feel that.

By treating everyone as equals, empowering people to reach their dreams, promising only what we can deliver, delivering a little more than what we promised, nurturing positive interactions, gaining the respect of local leaders, listening to all the stakeholders, articulating support towards common goals, sharing our learnings and expertise, preserving the leading role of the favela, opening doors for the residents, considering

their opinions and perspectives for every decision we make, and honestly wishing the best for everyone, I believe we succeed in transcending important cultural barriers.

Favelas are not the only urban challenge in Rio nor in Brazil. But they are certainly one of the greatest urban opportunities due to their dormant power. Turning vulnerable favelas into prosperous communities will ensure we have more people rowing the “country’s boat”. Finding commonalities between all the stakeholders will enable us to row in the same direction. And rowing together towards a common goal can take Brazil to another level of sustainable development and inclusive economic growth while creating the foundations for a new culture based on emphatic relationships and transcultural collaboration.

As I learned during my volunteer experience in Mozambique, there is an African proverb that says “If you want to go fast, go alone. If you want to go far, go together”. Better than leading the future of local communities ourselves, I believe that collaborating to empower local leaders is the best way to go. We need more and better leaders working together to address the local urban challenges and the global opportunities that the future holds for us.

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