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i. List of Abbreviations

B2C – Business-to-Consumer

BRICS – Brazil, Russia, India, China, South Africa

BRL – Brazilian Real

CSLL – Social Contribution on Net Income

CFP – Corporate Financial Performance

CEO – Chief Executive Officer

COP26 – United Nations Conference on the Parties on Climate Change

CSR – Corporate Social Responsibility

EM – Emerging Market

ESG – Environmental Social Governance

EUR - Euro

FGV – Getulio Vargas Foundation

GDP – Gross Domestic Product

GRI – Global Reporting Initiative

IB – International Business

IBASE - Brazilian Institute of Social and Economic Analysis

IBGE – Brazilian Institute of Geography and Statistics

IGO – Intergovernmental Organization

ILO – International Labour Organization

INPC – Broad Consumer Price Index

IPCA – National Consumer Price Index

ISO – International Organization for Standardization

LOF – Liability of Foreignness

LGBT – Lesbian, Gay, Bisexual & Transgender

MNE – Multinational Enterprise

NGO – Non-governmental Organization

OECD – Organization for Economic Co-operation and Development

PCSR – Political Corporate Social Responsibility

PISA – Program for International Student Assessment

PNADC – Continuous National Household Survey

R&D – Research and Development

SDG – Sustainable Development Goals

SME – Small and Medium-sized Enterprises

UN – United Nations

UNEP – United Nations Environment Program

UNGC – United Nation Global Compact

US – United States

USD – United States Dollar

WBCSD – World Business Council of Sustainable Development

1. Introduction

The aim of this master thesis is to explore the promising emerging country context of Brazil and gain insights on what the relationship between corporate social responsibility (CSR) and institutional voids can reveal about the nature of formal and informal institutional change. It is hoped to make a meaningful contribution both to the CSR literature as well as to theory by showing the application and limitations of CSR practices when addressing home country institutional shortcomings.

In doing so the reader is guided through three main sections. Firstly, an extensive literature review that follows a funnel approach, departing from broad concepts and gradually narrowing down the topics of interest. In this fashion the main strains of institutionalism -the theoretical foundation adopted in this study- and their reconciliation efforts are being addressed. After the theoretical section, the two sections on CSR and institutional voids follow. CSR is traced back to its foundations in 1953 until its recent bloom in IB studies that in the past decades have actively extended research to emerging and developing countries. Ultimately the Literature Review resumes with an argument justifying the chosen topic of study and presents the two research questions of interest.
The second part of the thesis is dedicated to the research methodology, the justifications for a qualitative research design, country choice, information on the sampling procedure of Brazilian MNEs and data collection.
Thirdly, gathered interview data after being transcribed, evaluated, coded, systematized and complemented with publicly available company information with help of qualitative analysis software Atlas.ti, will be exposed to extensive analysis endeavoring the greatest efforts to provide for multiple perspectives. That of theory, the interviewees and the researcher.

2. Literature Review

The aim of this review is to justify the choice of studying the link between CSR and institutional voids in the Brazilian country context and to guide the reader comprehensively through the relevant literature. In doing so, this research adopts an

institutional theory lens, gives an overview about the conceptual development of CSR, the rise of CSR in the context of international business studies, relevant insights from empirical research, the link with institutional voids literature as well as the need to account for institutional differences in emerging and developing country environments. Further, the merging of institutional theory, institutional voids literature and insights from empirical CSR studies will lead to two research questions in the context of Brazil outlining relevance and contributions to theory.

CSR is a relatively young concept, which has gained increasing attention among scholars in the last three decades as societies, shareholders, stakeholders, NGOs, national and supranational institutions across the globe increasingly expect firms to fulfill their social and environmental obligations which go beyond the scope of the traditional profit-maximizing role. These obligations include a vast number of measures which can be subsumed into three main categories: environment, social external action and employee relations. Although, many efforts were attributed to study CSR to this day and scholars have produced immense amounts of academic work, the topic is still in its infancy. Academia so far has not settled on a uniform definition of CSR. Although, a widely used term refers to CSR as *"actions that further the needs or goals of stakeholder groups or the larger social collective beyond the interest of the firm or what is required by law"* (McWilliams & Siegel, 2001:117; El Ghoul et al., 2017: 363), others argue it is insufficient to focus on the positive externalities of CSR only as it disregards irresponsible corporate behavior that could coexist with socially and environmentally beneficial corporate practices. Accordingly, a proper definition must also entail the intention to do no harm and if such harm is created, the intention to compensate for the damage done as soon as it is brought to the attention of the company (Campbell, 2007: 951) However, corporate social irresponsible behavior is not the focus of this study and is of secondary value in understanding how CSR measures can address institutional voids and affect institutional change, so this research will adopt the common definition of McWilliams & Siegel (2001).

Of course, CSR, its adoption and impact cannot be looked at in isolation and need to be further contextualized as it strongly depends on numerous factors as the size and visibility of the firm, the institutional context of the home or host country environment, the sector in which the firm operates and the degree of foreignness the firm experiences in a given

environment. As all of these aspects play an important role, the research setting is required to be focused and narrow to provide meaningful results.

As mentioned before, the aim of this thesis is to investigate the emerging market context of Brazil which is characterized by weak or absent institutions forcing domestic and foreign firms to considerably adapt their business practices to the country context. Such institutional shortcomings are referred to as institutional voids, a concept developed by Khanna & Palepu in 1997, manifesting itself as information asymmetries, weak contract enforcement, corruption and market failures resulting in greater uncertainty and costs for businesses (El Ghoul et al., 2017) Accordingly, firms face two options in such environments of either abandoning business operations whatsoever or capitalizing on the institutional shortcomings and turning them into a competitive advantage, suggesting that firms have the opportunity and potential to adapt to and substitute for existing institutional vacuums (Doh et al., 2017: 294; Khanna & Palepu, 1997) with the use of non-market strategies as CSR (El Ghoul, 2017: 364). To further clarify, institutional voids will be defined according to Doh et al. (2017) as *"the absence or underdevelopment of institutions that enable and support market activity"*.

The review is divided in three sections. First, institutional theory and its explanatory power of the CSR phenomenon. Second, a review of CSR conceptualizations, expressions of its institutionalization and insights into recent empirical IB-related CSR research. Thirdly, an introduction to the institutional voids literature and a following synthesis of the three main topics justifying the research gap and research questions.

2.1 Institutional Theory

Institutional theory is a rich strand of theoretical work dedicated to the understanding of underlying social processes and the mechanisms under which institutional constellations evolve, sustain and dissolve. Thereby, *"Institutions comprise regulative, normative and cultural-cognitive elements that, together with associated activities and resources, provide stability and meaning to social life."* (Scott, 2014: 56)

Institutionalists intellectual foundations reach back in time as far as the 19th century, inspired by works of Marx, Weber, Durkheim, Parsons and Selznick. A sociological concept at first, institutional theory rapidly expanded to many other domains ever since its emergence. To this day apart from being the dominant theory in social sciences, institutionalism is deeply intertwined with fields as political science, organization studies, management studies, international business, anthropology, psychology, culture and many other disciplines. From its early inceptions to more contemporary theorization, institutionalism has broadened its scope and developed multiple at times contradicting perspectives, frameworks and contributions making it difficult to pin down and articulate its overarching meaning. However, there is consensus of general distinction of schools of thought from early institutionalism and the later neo-institutionalism[1], institutional economics and comparative institutionalism, the latter three of which constitute the theoretical foundation of this study and therefore will be further discussed.

New institutionalism dates from the 1950s and had some main distinctive properties from early institutionalism (in the relevant fields of sociology, political science, economy and organizational studies) as greater emphasis on the cognitive-cultural domain of institutions and a broadening of the rationality assumptions with further linkage to economic theories as for instance transaction cost economics. (Scott, 2014: 30-31,52-53) New institutionalism is distinguished sharply from the 'old' works (see Selznick, 1949, 1957) through a set of numerous important features as the 1) peripheral role of political conflict of interest, instead stressing the problem of legitimacy 2) growing interest of why institutions evolve and dissolve 3) irrationality not as a decoupled form of formal structure manifested in informal interaction but as an integral part of formal structure itself 4) integration of economic concepts such as bounded rationality 5) organization embeddedness in nonlocal environments (business sectors, society) that shape the 'lenses through which actors view the world' and many more extensively outlined by DiMaggio & Powell (1991: 11-15) and Scott (2014: 30-52).

[1]the term 'neo-institutionalism' confusingly refers only to the strand of new institutionalism in organizational studies, which was first introduced by John Meyer and Brian Rowan in 1977. It is therefore not a generic term for all later institutionalism and does not include Rational Choice Institutionalism (Institutional Economics) and Historical Institutionalism (Comparative Institutionalism). (Dau et al., 2022).

2.1.1 Organizational Institutionalism (Neo-Institutionalism)

New institutionalism and organizational sociology first merged in the late 1970s (Meyer & Rowan, 1977; DiMaggio & Powell, 1983; Zucker, 1987) as an attempt to explain the rise of rationalized formal structure, their increasing bureaucratization and homogenization. Meyer & Rowan (1977) challenged the explanatory monopoly of prevailing theories which argued that organizations flourished as an optimal form enabling coordination and control. Instead, the authors claim the necessity of adding a further force beyond the efficiency rationale, substantially shaping formal structure: 'ceremonial' institutionalization of societal 'myths'- a by-product of socially constructed reality embedded in and reflected through institutional forms.

Many such institutional 'myths' - "positions, policies, programs and procedures" are manifestations and reflections of what society regards as good, just and legitimate, thus are subject to constant change and development by all possibly imaginable social constituents, ranging from educational facilities, legislation, licencing, certification to such institutions as culture, religion, reputation, prestige and ideology.

To exemplify, a given occupational position is not restricted to its technical purpose, but inevitably implies an institutionalized perception and conceptualization about itself, which holds a certain social image and established expectations about its role, desirable attributes and behaviours, associations, characterizations etc. ultimately shaping the occupation itself in a way that goes beyond of its practical purpose and transcends its prior meaning and function. Similarly, besides of serving its own purpose, do organizations comply to desirable and respectable institutionalized norms and avoid those which might threaten or undermine already established legitimacy. Greatly illustrated in the few of the many examples given: (Meyer & Rowan, 1977: 344-345)

1) "The discipline of psychology creates a rationalized theory of personnel selection and certifies personnel professionals. Personnel departments and functionaries appear in all sorts of extant organizations, and new specialized personnel agencies also appear."

2) "As the issues of safety and environmental pollution arise, and as relevant professions and programs become institutionalized in laws, union ideologies, and public opinion, organizations incorporate these programs and professions."

Referred to as 'rationalized institutional elements', such concepts evolve at a drastic speed, constantly change their meaning and redefine other practices on the way, creating the need for corporations to adapt to ever-updating social demands, "which make formal organizations both easier to create and more necessary" (Meyer & Rowan, 1977: 345).

This line of reasoning has two implications. First, the ceremonial nature of institutionalization is in fundamental conflict with the efficiency rationale because institutionalized practices take on forms that are not in the service of and often in contrast to optimal performance. In other words, sacrifices in efficiency (cost-inducing activities as for instance establishing before non-existent departments, calling in experts, adopting new policies, increasing production standards etc) are a necessary trade-off when pursuing both legitimacy and efficiency. (Meyer & Rowan 1977: 357; Zucker 1987: 445) And second, the higher the institutionalization of a given environment the greater the institutional pressures to adapt, resulting in more formal structure and stronger similarity between established organizational forms and their environment. Such organizational homogenization is widely referred to as *isomorphism*, "a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions." (DiMaggio & Powell, 1983: 149)

Isomorphic behaviours according to neo-institutionalists are a result of institutionalization, and an inevitable process for companies that reach a certain size and visibility, since deviance in any forms carry the danger of de-legitimation by existing normative and regulatory pressures. Thus, isomorphism is essential for company long-term survival and success. (Meyer & Rowan, 1977: 349; DiMaggio & Powell, 1983; Zucker, 1987; Scott, 2014) In a later study, DiMaggio & Powell (1983) go further as to outline three essential forces of isomorphism: 1) coercive, largely determined by the pressures exercised by regulatory and legislative bodies 2) mimetic, a response to uncertainty through the mimicking of similar but more successful and legitimate organizations and 3) normative, driven by social expectations of appropriate and acceptable behaviour.

2.1.2 Rational Choice Institutionalism (Institutional Economics)

Departing from the more sociological organisational institutionalism, the rational choice institutionalism framework emerged from neoclassical economics with some distinctive elements that cause inconsistencies and ambiguities when attempting to generalize new institutionalism as one concept in academic work. Therefore, it is important to distinguish its meaning, elements, boundaries, incentives for actions and institutional change processes.

Firstly, institutional economists refer to institutions as 'the rules of the game in a society' or 'the humanly devised constrains that shape human interaction' dividing institutions in formal constrains, 'rules that human beings devise' and informal constrains, 'conventions and codes of behaviour' (North, 1990: 3-4) unlike the three pillars of institutions in neo-institutionalism 1) regulative (which includes both formal and informal institutions, making a distinction between those troublesome) 2) normative 3) cultural-cognitive. However, in a later work North (2005) expresses great interest in integrating the cognitive domain of institutions coined by organisational institutionalists. That being said, institutional economists understand institutions as a constraining 'framework within which human interaction takes place' where the degree of punishment is adequate to the scope of the violation undertaken.

Secondly, in opposition to organisational institutionalism which counts as 'over-socialized' (Granovetter, 1985) (due to little attention towards the individual decision-maker), institutional economics contrastingly are referred to as 'under-socialized' due to its orientation on micro-economic foundations that emphasize the individual human behaviour and show a lack of social embeddedness. North (1990: 5) argues: "Institutions are created by human beings. They evolve and are altered by human beings; hence our theory must begin with the individual".

Thirdly, unlike the pursuit of legitimacy as the ultimate incentive for action in neo-institutionalism (logic of appropriateness) guiding the means by which certain goals need to be attained, institutional economists follow the logic of instrumentality and argue in favour of instrumental rationality as the main driver of actions. Equally, there are differences on what constrains action, depending on the framework: institutional economists are constrained by rules and bounded rationality, whereas neo-

institutionalists are constrained by rules and the invisible forces of cultural frames, schema and routines. (Dau et al., 2022: 991)

Institutional change processes, pivotal for this study, use path dependency (meaning that the past determines the present and future) as a fundamental change process in every framework presented here, however the frameworks outline different causes of such change. The neo-institutionalists perspective is represented by DiMaggio and Powell (1983) who broke down the main mechanisms of institutional change into 1) coercive 2) normative and 3) mimetic pressures. Institutional economists emphasize the importance of coercive pressures and learning. North (1990) draws on transaction-cost economics and argues that the actions of the firm are a function of institutional constrains and internal learning processes that help to mitigate costs, which ultimately transform into advanced skills and knowledge driving institutional change. The last important aspect regards the level of analysis, which corresponds to the nature of the frameworks. Institutional economists use the national level and the level of micro-economic transactions, whereas neo-institutionalists use the national and organizational levels.

2.1.3 Historical Institutionalism (Comparative Institutionalism)

Having outlined the main features of rational choice institutionalism and its distinctive properties from organizational institutionalism, in this section (for the sake of completeness), I will briefly touch upon the third framework of new institutionalism – historical institutionalism, which emerged from the fields of political science, political economy and economic sociology and in many respects shows great similarity with the institutional economists' perspective. Here therefore, only the main differences shall be illustrated.

Historical Institutionalism defines institutions as 'sets of persistent patterns defining how some specified collection of social actions are and should be carried out'' (Granovetter, 2017:136). Just like in institutional economics, it divides institutions into formal and informal institutions and gives them an explicit role.

However, in comparison to the 'under-socialized' institutional economics and the 'over-socialized' neo-institutionalism, historical institutionalism finds itself in between or 'socially embedded', since attention in paid both to 'social relationships' as well as 'rationality and

agency' (Dau et al., 2022: 998) combining both previous individual and social dimensions into its framework.

Similarly, historical institutionalism combines the neo-institutionalist logics of appropriateness and the institutional economists' logic of instrumentality, explaining the incentive for action with both rational instrumentality as well as the seeking for legitimacy. Constrains in turn, are imposed by rules, cognitions & beliefs. As of the level of analysis, historical institutionalism limits itself to the national level.

2.1.4 Integrated Framework

Recently, IB scholarship has expressed concerns that institutionalism lacks theoretical clarity when tackling the concept of institutions and therefore calls for efforts to generate an integrated approach of the three main theoretical traditions into one broad, overarching framework that should incorporate the elements of each single perspective and thereby extend its meaning and applicability to novel problems. (Dau et al., 2022)

Framework	**Rational Choice Institutionalism** (Institutional Economics)	**Organizational Institutionalism** (Neo-Institutionalism)	**Historical Institutionalism** (Comparative Institutionalism)	**Reconciliation Efforts** (Combining Elements of All 3)
Disciplinary Origins	Neoclassical Economics	Sociology, Organizational Theory	Political Science, Political Economy, Economic Sociology	Various
Disciplines	Multidisciplinary (Economics, Sociology, Political Science, International Affairs, International Business, etc.)			
Definition of Institutions	"… the humanly devised constraints that shape human interaction… consist of formal written rules… [and] unwritten codes of conduct" (North, 1990: 3-4).	"… guidelines and resources for acting as well as prohibitions and constraints on action" (Scott, 1995: 50).	"… sets of persistent patterns defining how some specified collection of social actions… should be carried out" (Granovetter, 2017: 136).	"… formal and informal rules, monitoring and enforcement mechanisms, and systems of meaning that define the context within which [actors]… interact" (Campbell, 2004: 1).
Elements	Formal Institutions Informal Institutions	Regulative (including formal & informal institutions) Normative Cultural-Cognitive	Formal Institutions Informal Institutions	Formal Institutions Informal Institutions Cognitive Schemata
Role of Informal Institutions	Explicit	Often Implicit	Explicit	Explicit
Social Embeddedness	Institutions are embedded in social structures			
	Undersocialized	Oversocialized	Socially Embedded	Socially Embedded
Incentives and Constraints on Action	Institutions Constrain (and Enable) Action			
	Logic of Instrumentality (Instrumental Rationality)	Logic of Appropriateness (Legitimacy)	Logics of Instrumentality & Appropriateness	Logics of Instrumentality & Appropriateness
	Action constrained by rules & bounded rationality	Action constrained by rules, cultural frames, schema, & routines	Action constrained by rules, cognitions, & beliefs	Action constrained & enabled by rules, cognitions, & bounded rationality
Institutional Change Processes	Path Dependence			
	Strategic Equilibrium, Punctuated Equilibrium, Evolution, Punctuated Evolution			
	Diffusion based on learning & coercive processes	Diffusion based on coercive, normative, & mimetic processes	Diffusion based on learning & coercive processes	Diffusion based on learning (e.g., through bricolage, translation), coercive, normative, & mimetic processes
Analytical Level(s)	Nations, Micro-Economic Transactions	Nations, Organizational Fields	Nations	Multilevel
Seminal and Representative Works	North 1990, 2005; Williamson, 1985, 2000; Schleifer & Vishny 1998, 2002; Acemoglu 2000; Djankov et al. 2003	Meyer & Rowan 1977; DiMaggio & Powell 1983; Powell & DiMaggio, 1991; Scott 1995, 2000; Selznick, 1957	Block 1994; Fukuyama 2004; Granovetter 1985; Hall & Soskice 2001; LaPorta et al., 1998; Polanyi 1957; Stark 1996	Campbell, 2004; Campbell & Pedersen, 2001; Hall & Taylor, 1996; Immergut, 1998; Peters, 1999; Suchman, 1997; Thelen, 1999; Lowndes, 1996

Table 1: Main Institutional Traditions & Reconciliation Efforts (Dau et al., 2022)

Table 1 attempts such integration in its reconciliation efforts, adopting distinctive properties from neo-institutionalism, institutional economics and historical institutionalism.

In line with the reconciliation efforts, this study shall also attempt to continue with an integrated understanding of institutionalism, starting with its very definition of institutions as "…the foundation of social life. They consist of formal and informal rules, monitoring and enforcement mechanisms, and systems of meaning that define the context within which individuals, corporations, labour unions, nation-states, and other organizations operate and interact with each other'. (Campbell, 2004:1)

Elements, Incentives and Constraints on Action

Thereby institutions shall be divided into formal and informal ones, with a consideration of the cognitive domain from neo-institutionalism. Formal institutions limit themselves only on explicit, written, formalized rules and informal institutions overtake the domain of norms and unwritten rules, governing the means by which certain goals are attained. As proposed by the reconciliation efforts both logics of instrumentality (instrumental rationality) appropriateness (legitimacy) shall be incorporated. Thus, the integrated framework shall be socially embedded and embrace both the individual actors' willingness to maximize their own utility under conditions of bounded rationality as well as the richness of social interaction and striving for legitimacy. The three pillars of institutions proposed by Scott (2014) (see Table 2) are useful in uniting these properties into one framework, however with slight adjustments based on more recent research[2]. Therefore, neo-institutionalism will be used as the point of departure with further modifications according to the reconciliation efforts.

[2] The domain of values incorporated into normative institutions by Scott (2014) is considered a concept of culture by newer scholarship and therefore should be either clearly separated from or carefully integrated into the informal institutions. (Dau et al., 2022); Mechanisms that drive institutional change should be extended to diffusion based on learning for all forms of institutions; bounded rationality should be added as a fundamental constraint of action.

	Regulative	*Normative*	*Cultural-Cognitive*
Basis of compliance	Expedience	Social obligation	Taken-for-grantedness Shared understanding
Basis of order	Regulative rules	Binding expectations	Constitutive schema
Mechanisms	Coercive	Normative	Mimetic
Logic	Instrumentality	Appropriateness	Orthodoxy
Indicators	Rules Laws Sanctions	Certification Accreditation	Common beliefs Shared logics of action Isomorphism
Affect	Fear Guilt/ Innocence	Shame/Honor	Certainty/Confusion
Basis of legitimacy	Legally sanctioned	Morally governed	Comprehensible Recognizable Culturally supported

Table 2: Three Pillars of Institutions (Scott, 2014)

- **Regulative (formal)** institutions are explicitly formalized rules and laws in society that define legal constrains and requirements. In this sense, regulative institutions have the power to formulate rules, enforce them and manipulate present and future behaviours by rewarding conformity and sanctioning non-conformity through force (e.g. police) and authority (e.g. courts) in different ways. Thereby, the 'costliness of ascertaining violations and the severity of punishment' determine the scope of obedience (North,1990: 4). And the force of affects as fear, guilt, shame or innocence, relief and vindication govern or mediate the evaluation of the costs and benefits associated with compliance or non-compliance. (Scott, 2014: 63) However, besides of being seen as solely constraining or 'coercive' (DiMaggio and Powell, 1983) regulative institutions also enable various social actors through licences, social powers or benefits of various kinds encouraging desirable behaviours. (Scott, 2014: 61) Since ultimately the power regulative institutions behold is justified and legitimized by expedience and the striving for a collective good.

- **Normative (informal)** institutions represent norms and unwritten rules that shape expectations and moral obligation among individuals and social actors. More precisely *'Values are conceptions of the preferred or the desirable together with the construction of standards to which existing structures or behaviours can be compared and assessed. Norms specify how things should be done; they define legitimate means to pursue valued ends.'* (Scott, 2014: 64) Thus, normative institutions determine the desirable goals and the appropriate means by which these goals should or should not be attained. Now, as some norms and values might be universal in a given institutional context, some of them are attributed to specific 'roles' that further form expectations and social images about these roles. For instance, teachers, doctors, employees, managers etc. are all socially generated (but constantly evolving) constructs and categories that build social identity with according social pressures to 'live up' to these. As mentioned earlier in the example given by Meyer and Rowan (1977) the profession of a psychologist is not limited to what psychologists 'do' but extends to what psychologists 'should do' including the necessity to comply to social expectations about the profession and the social image of the psychologist him or herself (like showing genuine concern, empathy, tenderness in voice and body language, certain knowledge, skills etc.). Furthermore, 'roles' are interdependent and stand in different relations to each other. A psychologist most likely will behave differently with a colleague than with a client. The normative pillar therewith complements the (regulative) logic of instrumentality with a logic of appropriateness posing questions like: "given the circumstances, what kind of behaviour is appropriate?" This appropriateness in turn is argued to be evaluated under the influence of emotions like on the one hand shame and disgrace or on the other, respect and honour determining the scope to which actors comply to social obligations. (Scott. 2014: 65-66).

- **Cognitive** institutions are deeply embedded in the culture and manifest in the unconscious or automatic ways things are conceptualized, thought about and done. It is the prism through which external reality is perceived, interpreted and framed by the subject. Thus, cognitive institutions are results of internal structures of meaning that are shaped and socially constructed through constitutive imperatives of culture, producing own 'evaluations, judgements and predictions.'

(Scott, 2014: 67) ‘In the cognitive paradigm, what a creature does is, in large part, a function of the creature’s internal representation of its environment” (D’Andrade, 1984: 88) Thereby, multiple cultural systems exist, each of which shapes its own cognitive frames and ‘scripts’ for action in their domain. (e.g. organizational culture, political ideologies, political parties, economic systems etc.) (Scott, 2014: 68) Cognitive institutions emerge, reinforce themselves and reproduce by inertia, meaning that orthodoxy and conformity build the basis of compliance, making alternatives superfluous and unwanted. Therefore, it is argued that compliance with cognitive institutions is associated with certainty and confidence, whereas its rejection creates disorientation and confusion. (Scott, 2014: 70)

Similarly, Zucker (1987:446) argues that the nature of institutionalization is that of a status-quo which increases stability and due to a widespread tendency of conformism often takes comfortable but ‘collectively suboptimal’ forms (DiMaggio & Powell, 1991: 4) Thereby, the bigger organizations are, the greater pressures of institutional isomorphism they experience due to greater visibility and scope of activity.

2.1.5 Institutional Change Processes

The causal chain of path dependency beholds as the fundamental logic of institutional change, expressing such change as the result of historic events, where present and future occurrences and institutional constellations are the consequence of all previous occurrences, suggesting a quite unique institutional pathway for each country environment.

The nature of such institutional change by most institutionalists is claimed to occur in an evolutionary way, where formal and informal institutions change slowly over time (perhaps informal institutions in a slower and smoother way than formal ones), however with certain burst that enable rapid and radical change as well triggered by revolutions, pandemics, disasters etc. (Dau et al., 2022: 993). The integrated framework together with coercive, normative and mimetic pressures as main drivers of institutional change adds diffusion based on learning, which refers to the transfer and transmission of formal and informal institutions between actors, across generations etc.

In (IB-)CSR research institutional theory is the second-most frequently used theory after stakeholder analysis (Pisani et al., 2017: 596) and greatly suits both to explain the rise and establishment of corporate social responsibility as a phenomenon as well as to argue for the relevance of the proposed study. The following section will in greater detail discuss CSR conceptual developments, expressions of institutionalization and the context of international business studies.

2.2 Corporate Social Responsibility (CSR)

Corporate Social Responsibility is a relatively young phenomenon that has shifted the role of the firm from a sheer profit-maximization purpose to an eclectic set of responsibilities towards its stakeholders, shareholders, society as well as the natural environment. Nowadays, it is considered as a highly institutionalized, exemplary and inextinguishable business practice adopted by leading corporations that helps not only to enhance the working conditions, improve social institutions, build infrastructure, provide education, training, financing, healthcare etc. for different stakeholders and members of society but also to gain legitimacy, signal goodwill, enhance reputation as well as, ultimately make profits in the long-term.

The history of CSR institutionalization is an interesting example of an ontological shift from orthodox economic philosophy, which conceptualized economic activity in isolation from other fields to a more integrated view that increasingly stressed the interdependence between economics, society, politics, environment and organizations.

The following section will briefly address this development and outline how the scope of CSR increased throughout the years, how its conceptual focus shifted from a normative narrative to a more practical and instrumental tone. Furthermore, how its purpose as a strategical tool became more imminent with the interference of business and management scholarship until universal recognition in the 1990s.

2.2.1 Conceptual Development and CSR Institutionalization

The term was first coined in 1953 by Howard Bowen, professor at the University of Iowa in his book “Social Responsibilities of the Businessman” which has initiated the discussion

about CSR in the social domain and first attempted to systematically theorize the relationship between corporations and society, as later commented by his son P.Bowen in the republished Edition from 2013 “Howard Bowen was not only a visionary, but he also believed that social responsibility should be a basic foundation of human interaction” (Bowen et al., 2013: viii). Bowen did not pose the question of whether corporations have responsibilities towards society or not, for him the answer was obvious. But instead, due to the inevitable impact corporations have on its surroundings and influence they can exert, he stressed the question of *what* the responsibilities of corporations towards society are and how to encourage firms to act according to these responsibilities (Lee, 2008: 57). In sharp contrast to the prevailing zeitgeist, which was considerably opposed to the idea of corporations taking over the role of societal and government actors and engaging in domains considered as outside of its prior purpose of making profits and increasing shareholder value, Bowens ideas were received poorly at first. Divided into two opposed schools of thought, the concept of CSR had little space to evolve within the first two decades since its emergence in “Social Responsibilities of the Businessman” due to unresolved ideological disparities and only abstract ethical-normative implications of the topic.

One of the most prominent opponents, Milton Friedman (1972) considered CSR as an expenditure which goes beyond the purpose of maximizing shareholder value and therefore should not be undertaken. According to Friedman, companies as fictional entities per definition cannot have responsibilities, but only individual people do. However, the responsibility of decision-makers in the firm is to “make as much money for their stockholders as possible” (Friedman, 1972: p.2). In line with this argument, Friedman interprets social expenditure as a collective tax imposed by the manager to his shareholders, decreasing their dividends. (Friedman, 1972: p.6) Interestingly enough, as soon as CSR activities start to pay back, corporations are not considered to exercise a social responsibility anymore, but instead “the executive is performing the job he was hired for – making as much money for its stockholders as possible”. (Friedman, 1972: p.3) The assumption that CSR represents only a business cost and has no implications for company gains was widely spread among academia and business at the time, as the concept itself was looked at from a macro-social perspective, with a strong normative-ethical orientation and without theoretical and practical linkage to more instrumental benefits for the corporation (Lee, 2008). Quite ironically, judging from a contemporary

state of knowledge, there possibly would have been little contradiction between Friedmans (1972) and Bowens (1953) perspective, as CSR both serves shareholder value as well as enhances the social environment. Meaning that throughout time the underlying (altruistic) assumption and exclusively normative-ethical orientation had to be challenged in order to overcome the conceptual abstraction and further integrate and institutionalize CSR into business practice.

As a further milestone, the concept of *enlightened self-interest* emerged in the 1970s, where attempts were made to reconciliate the two opposing camps, merging the two rationales represented by Bowen (1953) and Friedman (1972) into a *"new rationale"* loosely coupling CSR with Corporate Financial Performance (CFP). Specifically, Wallich & McGowan (1970) took a somewhat institutionalist perspective and argued that the company's success depends on its social environment and since CSR helps to improve it, its adoption serves the long-term interest of the company shareholders. Moreover, the authors claimed that shareholders increasingly diversify their portfolios, making the performance of a single company less relevant than the overarching institutional and societal environment within which most of the firms (included in the portfolio) are likely to operate in. Although the linkage between CSR and CFP is only loose and poorly explained, the study has opened up new space for exploration, changing the normative narrative of CSR to a more positivist one. (Lee, 2008: p.59) In 1979, further steps were made to bridge economic and societal rationales in the understanding of CSR and depart from the macro-social perspective to the organizational level. Carrol first drafted a conceptual model of corporate social performance (CSP) comprised of CSR, social issues and corporate social responsiveness with the intention to practically support academia in theoretical refinement and to guide management in their decision-making. In later years, the model was adapted, modified and enhanced by other scholars (Wartick & Cochran, 1985; Wood, 1991) however, ultimately abandoned due to the lack of comparable and quantifiable measures for CSR.

The impossibility of measurement was hindering more practical motivations for firms to adopt CSR measures, until strategic management studies and especially its stakeholder theory filled this gap by discovering the applicability of CSR as a strategical concept, setting aside the need to differentiate between social and economic goals, since the main focus of stakeholder theory concentrated on company survival. According to stakeholder theory (Freeman, 1984) survival depends not only on shareholders, but also on any other

non-shareholding actors affected by the company as its employees, customers, suppliers, NGOs, environmental organizations, local communities, the government and others extending the net of relationships and accentuating the importance of these interest groups, any single of which influences the company and thus carries the potential of creating or diminishing value. Therefore, CSR greatly benefitted from the theory, further extending its meaning and scope through newly added practices as environmental responsibility, accounting standards of transparency, volunteer work, diversity in the workplace, sustainability reporting etc. (Lee, 2008: p.60-62) Besides of the conceptual expansion, stakeholder theory also enabled to further pin down crucial aspects of analysis and define quantifiable measures, since its relationships were established at a more tangible micro-level. Clarkson (1995) for instance, stressed the need to further differentiate between stakeholder and social issues, defining the latter as those which eventually might initiate legislative or regulatory action. Departing from this distinction, the next step is to define the appropriate level of analysis: institutional, organizational or individual. His and other works (Jones, 1995; Berman et al., 1999) have further contributed with conceptual specifications and guided the future direction of CSR which by that time was already a well-recognized concept.

However, corporate charitable contributions and corporate philanthropy were reportedly in decline by the 2000s. Porter & Kramer (2002) attributed this phenomenon to a decreasing motivation for firms to engage in CSR and diagnosed *aimless philanthropy*, separating business activity from social engagement as the cause. Instead, the strategic management scholars stressed the importance of putting CSR into context and adopting it strategically in areas that benefit both society and the firm. That is, firms might benefit from CSR the most in areas closely related to its business operations, (Porter & Kramer, 2002: p.59) suggesting the need to adapt CSR measures to the contextual necessities of the respective business sectors. In this way, the authors argue, a firm can not only contribute to its social environment, but also gain competitive advantage in a cost-effective way. (Porter & Kramer, 2002: p.61) In line with other strategic management studies stressing the instrumental value of corporate philanthropy (Kanter ,1999; Hart, 1997) the concept of CSR has transformed from its initial conceptualization as a solely normative-ethical responsibility of the firm to a widely recognized measure to improve firm performance.

Hence, CSR has undergone a rationalization process since its inception in 1953 to the 2000s where it was increasingly shifted out of the macro-social and normatively-ethical domain to the more practical organizational level with managerial orientation, measurable concepts and defined practices. The integration of the economic rationale of profit-maximization has allowed scholars both to extend its meaning and scope using stakeholder theory and concepts from strategic management as well as redefine CSR as a strategic tool with implications for competitive advantage and corporate performance. Having coupled the previously non-existent link between CSR and CFR, these two concepts have also become increasingly interdependent. As CSR converged towards a more pragmatic economic concept, it has also shaped the understanding of corporate performance and extended its meaning to previously excluded social domains, best represented in newly introduced performance measures as "quality of output, customer satisfaction/retention, employee turnover, R&D productivity, new product development, market growth and environmental competitiveness" (Lee, 2008: p.63). The resulted convergence of CSR and CFP inevitably established corporate social responsibility as an institution of its own: a valuable long-term investment for company managers and indispensable contemporary business practice.

2.2.2 Expressions of CSR Institutionalization

As to mirror and underline the highly institutionalized status of CSR, a few illustrative examples should be given of how this institutionalization is reflected in formal, informal and cognitive indicators.

1) (Drivers of) Rules and Laws:

- United Nations (UN) and Organization for Economic Co-Operation and Development (OECD) principles serve as fundamental guidelines building the framework for international and national laws.
- The International Labour Organization (ILO) improves workers conditions worldwide. For instance, the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) has been introduced some 40 years ago and ever since adopted by governments, legislative

bodies and employers. Consistent with international labor standards, ILO provides guidance for ‘areas as employment, training, conditions of work and life, industrial relations as well as general policies’ shaping national laws. (ILO, 2022)

2) Certification, Accreditation, Isomorphism (standardization):

- In accordance with United Nations (UN) goals the United Nation Global Compact (UNGC), an ‘initiative based on CEO commitments to implement universal sustainability practices’ has defined Ten Principles targeting businesses responsibilities in the domains of human rights, workforce, environment and anti-corruption seen as fundamental responsibilities each company has to comply with.
- The Global Reporting Initiative (GRI) standards, the most widely used standards for sustainability reporting worldwide are a great institution of its own, in collaboration with businesses, governments, investors, civil society, policy makers it is designed to provide for firm transparency and accountability in multiple domains of activity. Divided into three series of standards, GRI distinguishes between universal standards applicable to all organizations (e.g. 102 GRI General Disclosure, 103 Management Approach), sector-specific standards (GRI 11 Oil and Gas Sector, GRI 12 Coal Sector) and topic standards (GRI 301 Materials, GRI 305 Emissions) (Global Reporting Initiative, 2022)
- The International Organization for Standardization (ISO) is a well-recognized developer and publisher of ‘voluntary, consensus-based and market-relevant international standards’, defining the condition for certification of firms. As for instance the popular ISO 14000 providing practical guidance in environmental management, ISO 26000 on social responsibility, ISO 45000 on occupational health and safety, ISO 20121 on sustainable events and others. (International Organization for Standardization, 2022)

3) Common beliefs, Values and Expectations:

- As argued in the previous section, the conceptualization of company purpose has experienced an ontological shift from sheer profit-maximization to social and environmental engagement. This is best reflected in Harvard Business School

CSR statistics depicting consumers, employees and managers perspective on the role organizations must or must not undertake to improve its social and natural environment. '70% of US Americans believe it's either "somewhat" or "very important" for companies to make the world a better place' in contrast to only 37% who believe it is important to create value for the shareholders. Furthermore, younger generations are more inclined to see socially responsible practices as indispensable. 41% of millennial investors put significant attention to study CSR impact before investing compared to 27% of Gen Z and only 16% of baby boomers.

- Equally for employees, 93% believe that companies must have a meaningful purpose and 88% say it is unacceptable for a firm to make profits at the expense of society at large. Management also recognizes the benefits as about 90% of executives state that a strong sense of purpose predicts employee satisfaction, however only 44% of executives believe their organizations to 'operate with a strong sense of purpose' (Stobierski, 2021)

In turn, the regulatory (formal), normative (informal) and cognitive societal shifts affect the way businesses operate: Nearly 90% of companies on the S&P 500 index published a CSR report compared to 20% in 2011. (Stobierski, 2021)

These examples merely serve the purpose of providing more tangible 'proof' to the fact of CSR institutionalization. The concept has advanced enormously throughout the last few decades and taken on many visible and invisible forms. Also, among IB scholarship CSR has gained increasing significance and attention as a concept that enables to better understand firm behavior.

2.2.3 CSR and International Business Studies

CSR has merged with IB studies by the late 1990, early 2000 as MNEs increasingly internationalized and sought competitive advantage beyond their domestic environments, which has created the need to expand the understanding of CSR to given geographical areas beyond the context of well-functioning institutional environments largely assumed in CSR scholarship.

The growing interest in IB research thus partly reflects the need to incorporate CSR in geographical areas where the need of it is most urging due to 'greater poverty,

environmental degradation and institutional governance issues.' (Pisani et al., 2017: 591) Some of the further presented research will therefore illustrate the value CSR adds to firms and their external environments in the context of emerging and developing markets.

Among the first institutionalist perspectives of CSR were expressed by Campbell (2007) who would address the question of *why corporations behave in socially responsible ways*. Drawing on neo-institutionalism (Meyer & Rowan, 1977; DiMaggio & Powell, 1983) Campbell makes a case that although institutions do not entirely determine the scope of CSR, they mediate the relationship between firm economic conditions and CSR adoption. This proposition was later tested and supported by Makhija & Young (2014) who empirically showed the importance to comply with institutional conditions of a given environment and the role CSR plays in company legitimacy. Drawing on a large sample of apparel firms in 38 different countries Makhija & Young (2014) find supportive evidence that stronger regulatory (rule of law, labour-related institutions) and normative (benevolence, egalitarianism) institutions result in more CSR responsiveness. Thereby, in line with Campbell (2007) and the institutionalist argument, the extent to which firms comply to CSR standards was moderated by the firm economic conditions and depended on both firm visibility (company size and number of customers) and vulnerability (customer size; skill of work force) making CSR engagement less necessary for those 'flying under the radar' of social observers and institutions. These findings directly imply two main aspects crucial for this research project. First, that institutional environments matter since they show varying degrees of institutionalization and therefore varying degrees of institutional pressures exerted upon firms, who in turn are urged to adjust their CSR actions to a certain required degree. Second, the study demonstrates a greater need for MNEs to adopt CSR practices compared to SMEs who remain less exposed to relevant stakeholders and therefore to institutional pressures. Another such factor is due to MNE visibility. Since large companies are often publicly held, MNEs are accountable to a great number of company stockholders who expect the firm to meet deadlines, reach performance targets and fulfill rising demands in regards to the social and environmental domains.

Institutionalist arguments extend to the context of developing and emerging countries where MNEs (usually from developed countries) internationalize to less institutionalized

foreign host-country environments. However, in such case the advantage of weaker institutions is counterbalanced by the disadvantages related to uncertainty and foreignness.

Several studies (Rathert, 2016; Mithani, 2017) show the instrumental value of CSR in mitigating liability of foreignness (also LOF, a concept reflecting mistrust and suspicion towards foreign entities) as CSR signals goodwill to local stakeholders and thereby increases company legitimacy.

Foreignness of course is not only a function of the differences between home-country institutional development, but also of cultural proximity. Accordingly, more similar cultures would experience less 'barriers to overcome' rather than more proximate cultures. To risk an analogy, a Japanese MNE might would encounter less difficulties operating in Korea rather than a Norwegian firm. Interestingly enough, Campbell et al. (2012) suggests that firms with larger cultural proximity and therefore a stronger need to engage in CSR as to compensate for LOF are in fact paradoxically less likely to do so than culturally more proximate firms, who face less liability of foreignness.

However, to return to the topic of overcoming foreign institutional barriers, CSR is generally considered a sound strategy providing for local legitimacy especially in case of severe institutional uncertainty and risks associated with foreignness in a host country environment characterized by weak institutions. (Yang & Rivers, 2009; Gifford et al., 2010) In such case CSR can serve both the purpose of self-establishment as well as contribution to the given social or/and natural environment as a byproduct.

A noteworthy example is provided by a study of Indian companies in the aftermath of natural disasters which has shown foreign firms to consistently spend more on philanthropy than domestic firms, helping not only to cope with the damage occurred but also to strategically improve one's own position through established local ties reflected in increased sales numbers in the post-disaster period (Mithani, 2017). Although being a rather extreme case, it directly illustrates the strategic implications of CSR as discussed before in section 2.2.1.

Su et al. (2016) argues from a signaling theory perspective and finds supportive evidence that CSR helps to reduce information asymmetries by signaling to shareholders their 'superior capabilities' to handle institutional voids through CSR actions. This notion is somewhat affirmed by Tashman et al. (2017) who have shown that institutional voids are positively related to CSR reporting intensity, suggesting that firms compensate for absent

market mechanisms through signalling their competence by means of non-market strategy. Furthermore, those MNEs listed on developed market stock exchanges are more likely to have a higher CSR reporting intensity due to additional visibility and exposure in a more advanced institutional setting.

So far, the need to engage in CSR due to high institutionalization in developed settings seems to be replaced by the LOF-induced necessity to establish legitimacy in an emerging country environment (developed country MNE in emerging country). However, If looked at the opposite situation (EM-MNE internationalization) emerging market MNEs also suffer from foreignness referred to as the country-of-origin effect. According to the country-of-origin effect EM-MNEs are stigmatized as reflections of their deficient home country environments, incurring additional costs associated with mistrust towards the EM-MNE with negative implications for legitimacy in the host-country environment. In a longitudinal study, Marano et al. (2017) find supporting evidence that EM-MNEs from countries with weaker institutional environments tend to compensate for the associated reputational disadvantages they encounter abroad with greater CSR responsiveness. That is to say, EM-MNEs respond to home country institutional voids with increased willingness to signal competence and goodwill through CSR in the internationalization process. Thereby again company visibility (listing or not listing on DC stock exchange), degree of internationalization and time positively moderate the relationship between institutional voids and CSR responsiveness. It could be argued that for emerging and developing market MNEs it is costlier to maintain a given degree of legitimacy abroad, which partially incentivizes such MNEs to remain in their home-country environments.

Another noteworthy aspect associated with developing and EM-MNEs regards the so-called CSR decoupling, a practice of overstating one's achievements in reports to arguably satisfy two institutional environments: the home-country environment with little institutional pressures and the more demanding developed institutional environment. Accordingly, an EM-MNE from a country with greater institutional voids is more likely to engage in CSR decoupling, since it also needs to satisfy demands of stakeholders in countries with more advanced institutions. However, a higher degree of internationalization of an EM-MNE predicts less CSR decoupling, since with each additional foreign country environment EM-MNEs face additional risks and higher costs of exposure. (Tashman et al., 2019)

Having briefly familiarized with the major peculiarities associated with developed and emerging market MNEs in host-country environments, it is crucial to outline that regardless of the MNE origin there is strong evidence that suggests CSR to be of greater value in weaker institutional settings. More vulnerable country environments appear to reward firms more for their CSR engagement claims a transaction cost economy inspired study by El Ghoul et al. (2017) The study draws on a sample of 2445 firms from 53 countries showing that CSR adoption is more positively associated with firm value (approximated by tobin's q) in environments that are characterized by stronger institutional voids, as CSR reduces transaction costs incurred by absent market mechanisms, indicating to greater strategic value in emerging and developing countries, implying a direct financial incentive to increase CSR engagement where institutions are weak. This gives reason to believe that firms must capitalize on this knowledge and expand their CSR agendas where it is most rewarding and necessary.

Of course, companies do not act in isolation but render their decisions with regard to its primary and secondary stakeholders, who substantially shape and determine CSR outcomes. In IB-CSR research stakeholder theory is used most frequently among scholars and therefore deserves to be mentioned regardless of the project's institutionalist focus. Stakeholder pressures accordingly are considered a major force driving CSR adoption since firms need to comply to rising stakeholder demands. According to Zheng et al. (2015) companies do respond to such stakeholder pressures in two ways: either through compliance or strategic adaptation. The former is found to be most useful in satisfying external demands whereas strategic adaptation helps to target specific internal stakeholder groups. Philanthropy therefore was used as compliance and sustainability as strategic adaptation. Similarly, (although in regards to SMEs) a study by Park and Gauri (2015) suggests that primary stakeholders such as consumers, employees, managers, competitors and NGOs to a great extent influence company CSR engagement in the emerging country environments. Such findings indicate to the competitive advantage and improved market positions firms can obtain when satisfying stakeholder demands.

A recent study building on stakeholder theory suggests CSR to be enhanced by the democratization of the political environments the company operates in. According to Carney et al. (2022) deliberative capacities of the wider institutional environment substantially affect company CSR engagement. Deliberative capacities refer to *'the*

capacity of political institutions to enable diverse stakeholders to collectively assemble and voice their opinions' implying that dialogue among all levels of stakeholders matter and contribute to an exchange of knowledge conducive for the adoption of CSR activities.

Despite severe advances both in institutional and stakeholder IB-CSR research, CSR induced institutional change -the topic of interest- so far remains unaddressed by international business scholarship. It is certain that institutional change processes must be caused by a multiplicity of factors many of which likely are far beyond company control. However, the aspects discussed here such as company resources, capabilities, size and visibility affect the scope of CSR together with external factors of institutional constellations and the interplay between stakeholders. It is assumed that transformative actions firms undertake are adjusted to the institutional necessities of the given environment, implying that CSR-induced institutional change possibly is a function of company action and institutional voids. The latter concept, crucial for the study of developing and emerging markets is to be discussed in further detail in the upcoming section.

2.3 Institutional Voids

As touched upon in the CSR section, institutional voids make up the part of research concentrated on emerging and developing countries and therefore are essential in understanding CSR induced institutional change. Institutional voids are understood as '*institutional conditions that hamper the ease by which buyers and sellers can interact. The result is higher costs for procuring materials, capital, information, skills and new ideas, which in turn reduce the likelihood of efficient outcomes'* (Doh et al., 2017: 294)

Developed, emerging and developing countries have very different institutional contexts suggesting the need to adapt firm practices and strategic approaches to the given conditions. Since emerging and developing countries are often characterized by poorly functioning and at times absent institutions, domestic and foreign corporations face voids that substantially shape the "rules of the game" (North, 1990) and determine company legitimacy and long-term survival (Khanna & Palepu, 1997). Such voids are argued to impose significant costs on the firm, making the country environment less attractive for business operation due to information asymmetries, opportunism, absent regulatory

norms, weak labor, capital and product markets, corruption and weak rule of law, indicating that those who manage to adapt to these voids gain competitive advantage. (Khanna & Palepu, 1997; Porter & Kramer, 2002).

In contrast to the established 'constraining' view of institutions developed in neo-institutionalism (Meyer & Rowan, 1977; DiMaggio & Powell) a more differentiated understanding is proposed by the institutional voids perspective which portrays voids as opportunity spaces that can be acted upon by firms. In this sense, besides of complying, companies might also engage in more interdependent relationships with institutional environments substituting, accommodating, shaping, remedying or competing with institutional voids, turning present deficiencies into opportunities.

2.3.1 Responses to Institutional Voids

Doh et al. (2017) proposes a framework on firm responses to institutional voids (Figure 1) dividing the main response strategies into four types across the coordinates of market to non-market exchange and formal to informal institutions.

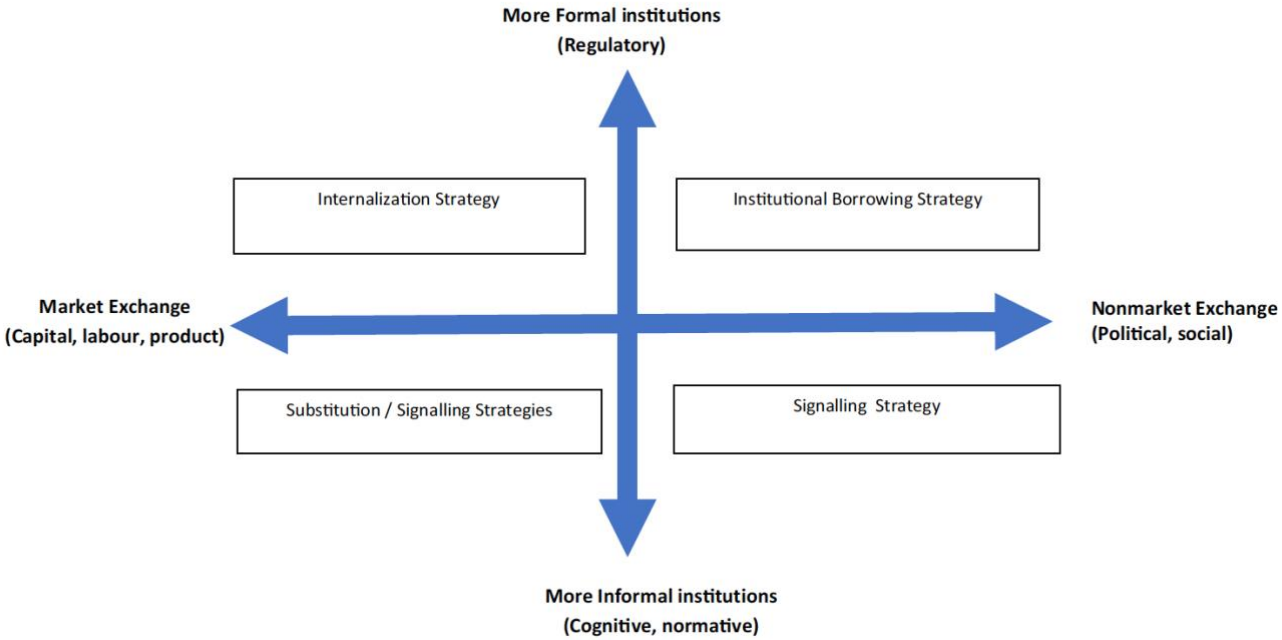

Figure 1: Responses to Institutional Voids (Doh et al., 2017)

- *Internalization Strategies* emerge as a response to incomplete, absent or too costly alternatives on the external market. By internalizing activities, the firm creates an internal market for what the given environment fails to provide in a cost-effective manner and in doing so might as well unite efforts with other actors facing similar constrains or interests. Internalization thus includes such actions as collaboration with local actors, reliance on informal institutions and strategic alliances.
- *Substitution Strategies* emerge as a response to information asymmetries where the absence of public information is compensated by private information. Substitution differs from internalization insofar that the firm must not develop new capabilities but resort to already existing information of another firm that is not provided by the government and its bodies.
- *Institutional Borrowing Strategies* occur in environments characterized by weak contract enforcement. A firm is thus engaging in 'institutional borrowing' when it escapes from the weak domestic institutional environment and resorts to 'court-based institutions' of countries with better enforcement. This practice frequently occurs in joint ventures, as the contractual sides are eager to define the relationship (incl. arbitration clauses, exit conditions) and avoid unnecessary transaction costs occurring from the inefficiencies of weak institutions, however can be used for any kind of contractual relationship in countries with such voids.
- *Signaling Strategies* help to both to communicate legitimacy when faced with strong information asymmetries as well as reduce liability-of-origin that EM-firms might face in a given environment (Marano et al., 2016). CSR has strong implications on filling informational voids by signaling goodwill and competence (Rathert, 2016; El Ghoul, 2017)

2.4 Research Gap

In light of the provided literature on institutional theory, CSR and institutional voids this section will try to synthesize these topics and argue for the relevance of the proposed research questions.

Institutionalists suggest varying degrees of institutionalization among countries, where greater embeddedness of formal and informal institutions implies greater country development. Companies operating in such environments benefit immensely from their

healthy institutions as they reduce market inefficiencies, information asymmetries and any other additional costs associated with voids, eventually making it easier for buyers and sellers to come together.
Therefore, it should be in the long-term interest of companies to improve the institutional environments in which they operate as this might have positive effects as easier capital acquisition, more skilled labour, just enforcement of contracts and laws, access to resources, greater purchasing power of consumers etc.

The literature on institutional voids points to the other extreme characterized by lack of 'healthy' institutional mechanisms, or as institutionalists would have possibly put it *under-institutionalized* environments. In such environments foreign companies have to face substantial institutional voids and adjust their business practices to the given conditions in order to survive in the long-term. Numerous studies suggest that MNEs succeed to do so by using diverse market and sometimes non-market mechanisms.
However, so far little attention was given to the home-country MNEs that emerge in such institutional environments and carry the negative reputation of their home-country abroad when internationalizing (Marano et al., 2017). In principle, due to both exposure to internal market failures and costs associated with liabilities-of-origin, EM-MNEs interest to meliorate their domestic institutional conditions should be stronger as of foreign firms that simply chose 'to be' or 'not to be' in the developing or emerging country characterized by institutional voids. The existence of home-country MNEs on the other hand presupposes that there is no such option as 'not to be', meaning that these firms must originally evolve within the institutional constrains in an organic way also dealing with and adjusting to various disadvantages stemming from home-country institutional conditions.

As mentioned previously firms should hypothetically be interested in improving the environments they operate in, since in the long-term they will reap the fruits of institutionalization. This must especially concern home country firms who themselves would largely benefit from better institutions, skilled labor, advanced image, access to capital, greater market saturation etc. who therefore must also be interested in engaging in institutional building activities to the degree that this is possible.

Here the role of CSR as a non-market strategy is particularly interesting. Its role is instrumental insofar that the firm enhances legitimacy and signals goodwill to the society and potential business partners by voluntarily complying to existing standards and certifications. As research also suggests, due to the increased strategic value CSR activities have in countries with stronger institutional voids (the weaker the institutions, the more positive relationship between CSR and firm value) it is more likely and more beneficial for foreign and domestic firms to engage in such activities. Its implications on legitimacy and monetary benefits for the firm in this sense are more or less clear. However, besides of the reactive instrumentality of CSR to institutional voids (signaling, and therewith filling informational voids) there is a gap that fails to establish the meaning of CSR as a pro-active measure that may address institutional voids and impact institutions themselves. Thus, exploring the meaning of CSR as a vehicle of institutional change. The need to further investigate institutional change through non-market CSR-related means is largely echoed throughout IB research (Dau et al., 2022: 1002; Tashman et al., 2019: 168; Doh et al., 2017: 295; Marano et al., 2017: 401; El Ghoul et al., 2017: 376;). The focus on home-country MNEs should be justified by a greater interest in enhancing one's own country institutions as well as a striking lack in IB-CSR studies from the emerging home country perspective (Pisani et al., 2017: 599) Hence, CSR can potentially affect regulative, normative or cognitive institutions. While regulative institutions are explicit, normative and cognitive are hidden within the value systems, beliefs, conceptualizations, ideologies, habits, expectations and expressions of actions or non-actions of a given culture. (Scott, 2014) Naturally, most emphasis so far was made on formal institutions due to their tangible nature (Dau et al., 2022). However, following a qualitative approach this research takes the opportunity to extend to the rich, yet complicated domain of informal institutions as well. Aiming to cover all three institutional pillars the research questions are posed as followed:

2.5 Research Questions

RQ1: Why and How Do Brazilian MNEs Engage in CSR Activities in Their Home Country Environment?

RQ2: How Can Brazilian MNEs CSR Activities Affect Formal and Informal Institutional Change in Their Home Country Environment?

3. Methodology

This section will briefly elaborate on the reasons why it is interesting and important to study CSR-induced institutional change in the context of the Brazilian country environment. Furthermore, the relevance of the chosen business sector (consumer cyclical and non-cyclical) will be justified and the process of data collection outlined. For the purposes of the research question a qualitative research method is considered as most appropriate as it best serves the investigation of tacit phenomena such as informal institutions and institutional change. Throughout the research process 9 semi-structured interviews with representatives of the Brazilian consumer sector working in CSR-related positions were gathered, transcribed and analyzed.

3.1 Brazil

Brazil is one of the emerging BRICS economies and the largest country in South America with a population of over 215 million people. (IBGE, 2022) Being one of the fewer studied BRICS countries (most of the attention of IB scholars so far was directed towards rapidly emerging China and India (Dau et al., 2022)) Brazil and in general, Latin America is an interesting area for the topic of CSR institutional change, since the continent is marked by significant social disparities, institutional inefficiencies and turbulent developments in the political sphere. Since EM-CSR research (El Ghoul et al., 2017) directly suggests greater value creation through CSR in environments marked by greater institutional voids, such non-market strategies might have transformative implications and significance for turbulent country environments.

Although being aware of the vast heterogeneity Brazil has to offer, nevertheless the study is hoping to uncover overarching features that would allow both to gain an insight about the current state of the country environment as well as to learn more about ways in which MNEs affect and change its home country institutional environment. Data provided by the Brazilian Institute of Geography and Statistics (IBGE), The World Bank and Freedomhouse should help in gaining a tentative overview of the economic, political and

social domains as well as to preliminary shed light on some of the existing institutional shortcomings.

The Economic Freedom Score evaluates countries upon four metrics: rule of law, government size, regulatory efficiency and open markets, the total score makes up the level of economic freedom where Brazil is ranked as the 133st freest economy in 2022, with a score below world average of 53,3/100 points (mostly unfree), the report outlines its troublesome state of the rule of law: property rights protection, judicial effectiveness and especially levels of government integrity marked by corruption 'among elected officials and in the tax administration, public procurement, and natural resources sectors.' The government size measures also are consistently below world average: tax burden, government spending and especially fiscal health with 0.4 out of 100 points (public debt is equivalent to 98.9% of the GDP). Regulatory efficiency and open markets are closer to world average, however with ominous labor laws and considerable government interference in the financial sector. (Heritage Foundation, 2022)

Freedomhouse.org. (2022) gives an insight into the political domain evaluating a given country context according to its political rights and civil liberties. Brazil scores 73/100 points, which makes it appear as relatively free politically: guaranteeing free elections, freedom of media and speech. However, the country stands out as a violent environment where criminal groups, police and others use force against political opponents (often civil activists or independent journalists), who in some cases have to pay with their lives for their engagement. Also, corruption is endemic and seems to play a crucial role on all levels of governance. The current government of Bolsonaro is closely associated with these issues. Furthermore, the report states that in the social sphere LGBT people still face significant discrimination and sometimes violence.

3.2 Sample

3.2.1 Business Sector

A descriptive study of CSR indicators conducted by Lima Crisostomo et al. (2014) on the basis of data provided the Brazilian Institute of Social and Economic Analysis (IBASE) offers entries on Brazilian company CSR spending with 282 Brazilian firms

(representative of the Brazilian economy) and 1199 annual observations from 1996 to 2008.
CSR is split into three main groups, employee-relates action (ER-I), social actions (ESA-I) and environmental actions (ENV-I) which are summed up to a total corporate social performance index (CSP-I), calculated as the total social expenditure divided by net income. Across the three 'areas of social action' significant differences could be found where most of the social expenditure was directed to employee-related actions. However, the results of this study merely serve the purpose of narrowing down the focus on a specific sector of the economy. The authors find that there are different degrees of CSR engagement among business sectors with the most active being:

- the financial sector (11,35%)
- the consumer non-cyclical (11,01%)
- and the consumer cyclical sectors (10,57%)

in contrast to less engaging sectors as oil gas and biofuels (4,02%), telecommunication (5,58%) or basic materials (7,23%). (Lima Crisostomo et al., 2014: 15-16)
Although the Institute provides data from 1996 to 2008, it was not possible to consult IBASE on more recent data, neither was an attempt of direct contact successful. Crisostomo et al. marks a decline of data entries from 2004 onwards suggesting 'the emergence of other media outlets with more visibility, like the GRI' (Lima Crisostomo et al., 2014: 13) So, likely such data does not exist at all. Therefore, this study bases itself on the available data, assuming no great shifts of CSR spending within business sectors.

Among the most engaging sectors, the consumer cyclical and non-cyclical sectors further will be considered for the research and treated as the consumer sector (including both essential and non-essential goods directly sold to the consumers). Hence, the choice of the consumer sector promises a much richer array of firms with more favorable outlooks for data collection. Also, in line with institutionalist logics and the findings of Lima Crisostomo et al. (2014) due to greater visibility and proximity to the consumer, B2C companies have to adapt to social demands stronger than firms from other sectors 'hidden' from the eyes of the public. The financial sector on the other hand, offers only a

handful of multinational companies of Brazilian origin, imposing some limitations for data collection and therefore risk of data shortage.

3.2.2 Process of Data Collection

Targeted companies include private and publicly owned Brazilian multinationals with headquarters in Brazil, whose main business operations are directed towards providing essential and non-essential products to consumers in the home country and abroad.

Over 160 people were contacted via LinkedIn, the business and employment-oriented social network, and requested to participate in the research. The candidates were chosen from an eclectic array of CSR responsibilities which include environmental sustainability, social impact and diversity & inclusion directors, managers, specialists and consultants based in Brazil (mostly in São Paolo). It should be noted that in the data collection process CSR appeared to be a rather uncommon expression, people would generally refer to it as ESG (Environmental, Social, and corporate Governance).
Table 3 depicts the list of participants in the order of interviews being taken including company position, core business in which the company operates as well as the interview duration in minutes. Resulting in 9 online interviews with a total duration of 11 hours 42 minutes and 156 pages of transcript, the data obtained provides a solid insight into the matter of interest and also reaches the point of data saturation.
Each participant was guided through a semi-structured online interview that touched upon the topics of CSR in Brazil; Brazilian country environment; CSR as driver of formal and informal institutional change; social aspects; Brazilian people and personal experiences and examples. The Interview Guide is attached in the Appendix and includes the basic questions asked nearly in every interview. However, in each conversation there have been deviations from the scripted questions depending on the context and direction of the conversation with the aim to delve deeper into the perspectives of the interviewees and explore the topic in greater depth. The interviews were conducted in English.

N	Interviewee Position	Core Business	Interview Duration
1	Corporate Social Responsibility and Human Rights	Food Company	54 Minutes
2	Environmental Analyst	Food Company	148 Minutes
3	Diversity and Inclusion Consultant	Paper Company	126 Minutes
4	Global Head of Diversity and Inclusion	Food Company	66 Minutes
5	Director of Sustainability	Cosmetics	61 Minutes
6	Sustainability Business Architect & Performance Lead	Cosmetics	61 Minutes
7	Social Responsibility Manager	Sanitation	63 Minutes
8	Social Impact Manager	Beverages	64 Minutes
9	Diversity and Inclusion Manager	Footwear	59 Minutes

Table 3: Research Participants

4. Data Interpretation

Qualitative analysis software Atlas.ti was used to further process all transcribed interviews and other relevant data as annual and sustainability reports, independent reports, company programs, associated institutes and websites. As a result of analysis, 5 main categories evolved that roughly divide the contents into 34 codes as shown in table 5.

The initial draft of the codes was sketched to best suit in answering the two posed research questions in the following manner:

RQ1: *Why* and *how* do EM-MNEs engage in CSR activities in their home country environment?

- The **why** is addressed by further grouping motivations, intentions and reasons behind CSR adoption and institutionalization from the perspective of participants as well as claims from documents and websites.

- The **how** extends to all company actions and ways in which companies engage in CSR to benefit its employees, society or/and the natural environment.

RQ2: How can EN-MNEs CSR activities affect formal, informal and cognitive institutional change in their home country environment (and address institutional voids)?

- As being the main and most challenging question, it could not have been separated in the elements that constitute its answer as easily as in the more descriptive first research question. However, the **why** and the **how** from the previous answer become instrumental in bridging motivations and concrete actions to the more complex and intangible question of institutional change. Precisely because the first question is a subset of the second question, it will be addressed first.

Following this logic, the initial codes were drafted as to fit the particular needs of the research questions as illustrated in Table 4:

N	Category	Codes	RQ(s) Addressed
1	Reasons for CSR Adoption	1. Intentions for CSR adoption 2. Motivations for CSR adoption 3. Beliefs about CSR adoption	The **why** in RQ1; The **how** in RQ2
2	Company Actions	4. Social Actions 5. Sustainable Actions 6. Employee-related Actions	The **how** in RQ1; The **how** in RQ2
3	Institutional Voids	7. Regulatory Voids 8. Normative Voids 9. Cognitive Voids	The **how** in RQ2

Table 4: Codes Prior to Data Analysis

Also, institutional change is assumed to be aimed at where a lack of something is most imminent, thus it is argued that especially the interplay between company CSR actions and institutional voids would point out to the areas of institutional change, as representing the intersection of two sets as illustrated in figure 2.

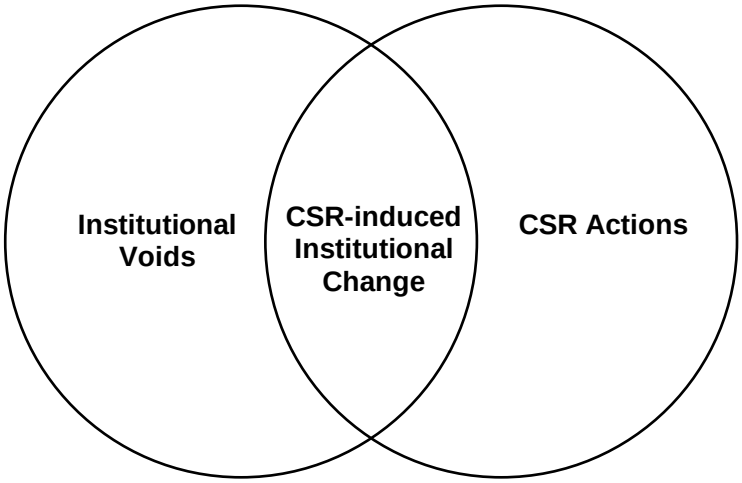

Figure 2: CSR-induced Institutional Change

However, the codes were intentionally vaguely defined to allow for their further transformation in the data analysis process, during which many other codes emerged inductively, were changed, merged with others, whereas some were dropped iteratively resulting in a coding scheme (table 5) providing the first order codes, their description and an example, respectively.

Code	Description	Example
'Believe in Something' Statements	statements referring to a personal or collective belief (often justifying the strive for a certain goal)	*"Because I believe the companies really have the power to change and this is why I chose working with diversity and inclusion side in the companies…"*
Company Intentions	reflects plans for the future in terms of sustainable social and environmental actions	*"here in [company name] we work with gender equality. We are committed to the United Nations [goals] to have 30% of women in high leadership positions by 2025."*
Increasing Trend of CSR Adoption	includes statements suggesting CSR institutionalization in Brazilian companies and country environment	*"And I can tell you that in the last 10 years CSR and also sustainability are being perceived as strategic to the company. Not only talking about CSR specifically in Brazil - it was mainly focused on charity donations and now the companies are linking [CSR] to the company business strategy…"*
Interplay of Financial Performance and CSR	includes statements where participants directly link CFP with CSR	*"Diversity is good for your business. Diversity raises your efficiency, raises your profit. Of course, companies. They are companies. They, they need money. They want to have profit and everything."*
Institutional Pressures	are understood as external pressures such as expectations, standards, intangible cultural transformations, reputation etc. that	*"So, it seems that not only from the consumer, but also from the financial sector, there is a pressure about disclosure, the performance beyond the financial results."*

	do coerce/pressure companies to adopt CSR actions	
Company Long-Term Strategy	regards statements that connect the essence of CSR as being a long-term strategy and advantage	*"I mean, we have been working with long term targets for many years. And I think this also supports our investors into understanding that we have a robust strategy into achieving them…"*
Brazilian people	any statements that describe Brazilian people, Brazilian mentality and way of life	*"In general terms of course, the people are very open. So of course, and they value a lot family, which means that normally they live not in the same place unless we are talking about very poor family…"*
Environmental Consciousness	statements that shed light on the degree of environmental consciousness among the Brazilian population	*"And this spreads to every topic such as climate change. People don't understand climate change: what is our own part and work, how to take part in this, so that we can make the change in the political and economic scenario."*
Existing Legislation	unlike regulatory voids has no negative connotations and describes laws that are already in place (without evident connection to corporate influence)	*"Even when we're talking about physically and mentally disabled people, companies are obliged to fulfill at least 5% of their employees with people with any kind of disabilities."*
Government Support	statements that describe governmental support of both to firms and society (tax breaks, financial support etc.) (without evident connection to corporate influence)	*"…the first year of the pandemic, the federal government released financial support for poor families, around 60% of the minimum wage."*
Collaboration Between Companies	joint efforts/partnerships with companies of the same or different sectors to achieve a common goal. Often used in the context of common large-scale projects or coalitions to affect current legislation	*"So, we offered via these coalitions of companies from different sectors, some perspectives to try to improve a law in a way that not only we are going to equalize the approach that companies are doing, but also, we are going to contribute to the preservation of the biodiversity in the region."*
Collaboration with the Public Sector	primarily refers to active company engagement with the public sector with the aim to jointly amend existing legislation, draft new legislation or receive support for a company project. In general term, refers to any active engagement with the government and any mentioning of the government as a stakeholder	*"We're talking to the government and we're expecting them to guide us, you know. Being proactive in this matter, we believe that the government should provide clear references to companies on what is expected of their performance regarding human rights in our operations…"*
Collaboration with Local Communities	refers to ongoing dialogue and communication with local communities with the aim to address their most salient issues regarding education, health, sanitation, food, water etc. But also, active engagement of local communities in the value chain of companies	*"We understand that this concept expresses the relevance of using traditional knowledge and our community's role in the region in protecting the forest and to recognize their needs for income regeneration."*

Collaboration with IGOs and NGOs	company partnerships with intragovernmental (e.g. UN, OECD) and non-governmental organizations and compliance to existing standards (as GRI, SDG)	*"So, we have an association with the United Nations and also with the Brazilian department which is in charge of supporting refugees."*
Company Culture	is broadly understood as the shared values, beliefs and attitudes within a given company	*"We have CSR in our company DNA and we talk about it and we bring it to our employees and to our supply chain. Eventually we all will be disseminating I guess this idea, you know, through the community"*
Cultural Change	statements that refer to macro societal change driven by company action (but beyond the company level); closely associated with CSR-induced institutional change	*"…I believe when you start some movement into the companies, part of the society that you can change our behaviour in the company and move this type of movement to outside."*
Due Diligence	refers to monitoring activities a company undertakes in regards to potential and existing stakeholders (business partners, employees, suppliers etc.)	*"We are doing like this as a big company, we have our supply chain and we have suppliers. And we talk to them. If you don't comply with this human rights code of conduct that we have, we won't be your client anymore. So, we have to comply."*
Employee-Related Social Actions	company efforts directed towards improving the conditions of its own employees; also refers to engagement and collaboration with employees, dialogue, exchange and rounds of conversations	*"we promote this trainings and communications with our employees on these matters"*
Diversity & Inclusion	a quite broadly used term referring to statements about the inclusion (or need for inclusion) of women, minorities, refugees, people with disabilities or LGBT people	*"Like I said, we have this group of employees that are refugees. And if you are addressing their issues, we're impacting them in a positive way."*
Innovation	company research and actions directed towards optimizing processes that serve the societal good (including the development of methodologies)	*"So, innovation is part of this whole conversation. I understand sustainability as the new innovation name actually, because once we have this installed as a way to be more efficient, to generate less waste and to generate more positive impact, then we are like in the state of the art of our business. Right?"*
Social Actions	refers to any kinds of company CSR actions that are directed towards improving the conditions of local communities including actions of associated institutes and volunteering; might overlap with Collaboration with Local Communities	*"And currently at [company name] we do have social programs, a strategy to develop people, to provide them with knowledge, how to manage food waste and also how to have access to healthy food. And that's why there is an Institute inside the company to address this agenda."*
Sustainable Action	statements that refer to company actions undertaken to benefit the natural environment	*"So, we capture more carbon from environment than we produce. So, this is already a reality for [company name]."*
Corruption	statements that mention the illegal abuse of power in a given position potentially detrimental to society and the natural environment. Mostly used in the context of the public sector	*"So, you see corruption and inequality are very connected and that's why corrupt people, they do not want inequality to go away. Because it's a way of keeping the wheel rolling and rolling as it is. Since long time."*

Deforestation	statements addressing legal and illegal deforestation in the Brazilian rainforests	*"For example, we do see large buildings developing in some environmental areas. And for example, it is in every news around the world about the Amazonia, that it's being deforested even more due to the mining and illegal constructions."*
Disparity	a quite broad category of statements that addressed social inequality, associated injustice, discrimination (e.g. widespread poverty, limited access to education and healthcare, discrimination of woman, black people, LGBT people etc.); the issue of disparity is central and was mentioned by far the most among participants	*"And as I mentioned to you, the majority of the population never left their own cities or their own state, which means that even knowing their own countries is very limited. Of course, we did not have the situation. As we see in India, that if you belong to a specific class, you not going to be allowed to improve…"*
Education	statements referring to formal and informal education in Brazil, which due to often negative connotations is also considered a function of disparity but nevertheless deserves its own code due to emphasis by nearly every interviewee	*"So, I studied in private schools which is in Brazil we have the public schools, which is the worst educational system and the private schools.* *And then I studied in the private school. So, I had access to studies and education. And then I do know how it changed my life, everything that I have today."*
Inflation/Unstable Prices	refers to challenges companies and consumers are confronted with due to inflation	*"And what we have seen is that five years ago, probably this kind of increase should be around like 3 to 4%. Currently we are talking about 11%. So, imagine that. The level of inflation is going to decrease the power of consumption on 10% every year."*
Negative Company Impact	statements that address the detrimental social or environmental impact of companies	*"I think that there are huge companies that don't comply with this requirement. And for example, Zara in the past had slavery issue here in Brazil."*
Negative Sentiment	interview excerpts where participants expressed disagreement, dissatisfaction, anger or frustration on any given topic	*"Well, I think that the social inequality was built 500 years ago. And today we suffer from something that was created by white people 500 years ago."*
Organized Crime	any accounts that report about illegal organized crime (e.g. drug cartels, militia). Does not include corruption and deforestation	*"So, there is a law, but the law is not put in place and the company is also 'Okay, I pay my fee as I'm not complying with this law, this requirement. And that's okay. So, I keep doing this illegally.'"*
Regulatory Voids	refers to either absent and necessary regulations or regulations that need further amendments	*"However, I can tell you as a Brazilian, Brazilian laws are still fragile, so there is the law, but it's not being put in practice."*
Top of Organization	refers to top executives, directors and CEOs. Quite often spoken about in negative terms due to lack of executives representing minorities and woman; therefore, classified as an institutional void	*"So, as I said to you already we have 55-56% of black people in Brazil, and they are less than 2% of the leader of the CEOs of the biggest companies."*

Table 5: Coding Scheme

Further the first order codes have been grouped into second order themes and then into aggregate dimensions according to the Gioia method as presented in figure 3. (Corley & Gioia, 2004). The second order themes include normative and instrumental reasons for CSR adoption, country environment, company actions and institutional voids. These four main themes in turn constitute the two identified aggregate dimensions of CSR institutionalization and institutional change.

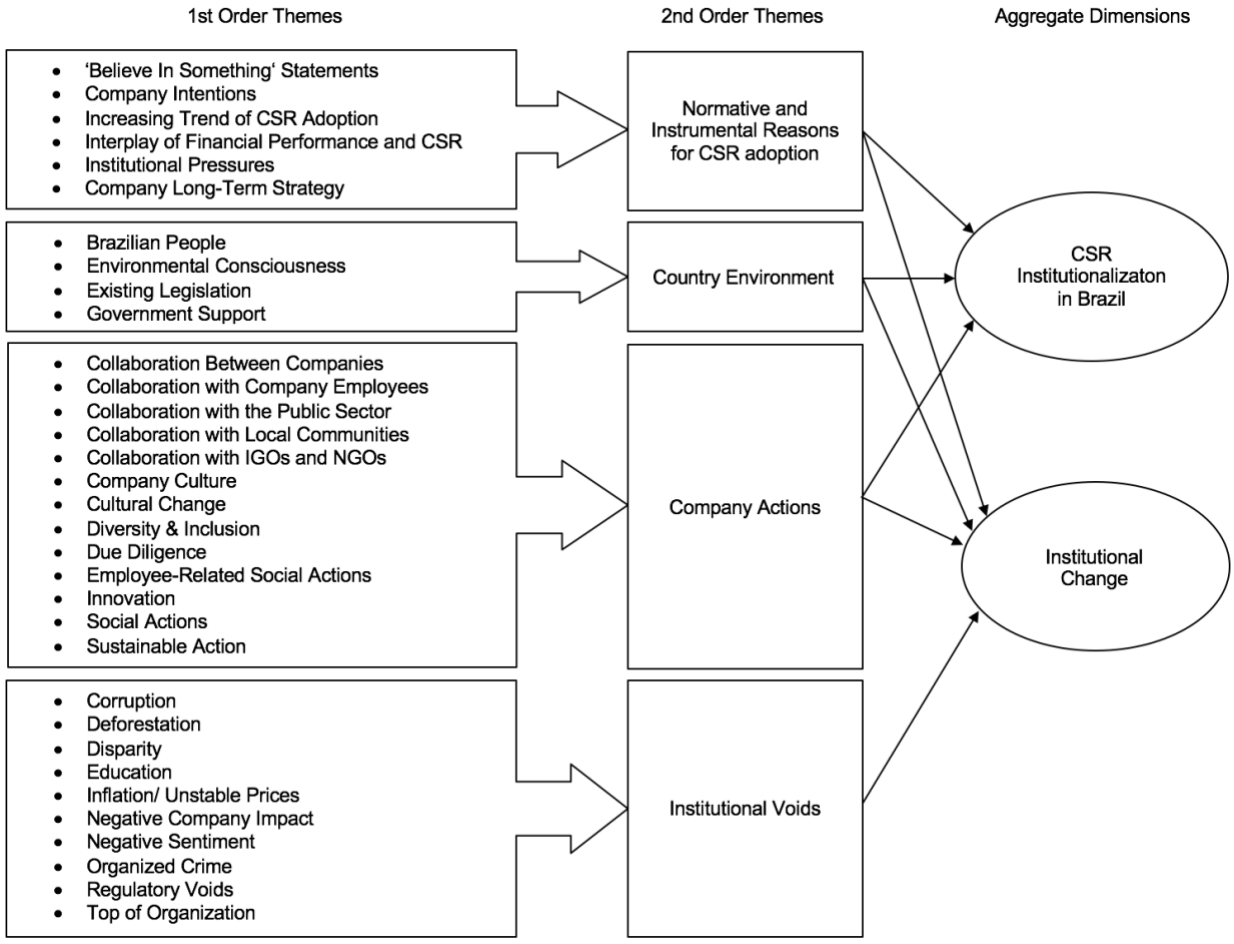

Figure 3: Data Structure

4.1 Reflexive Approach to Interview Data

Alvesson (2003) suggests to go beyond the neo-positivist and romantic approaches to interviews that view data in its pure form, as an honest and reliable representation of 'what there is'. Instead, a multi-layered reflexive approach is suggested to allow for a broader mapping of meanings when drawing conclusions on the data collected. The author proposes a reflexive framework which incorporates 8 metaphors that could serve as lenses for interpretation, however does not advice to 'fix' oneself on these metaphors solely but preserve the openness to drop unnecessary ones and adopt other perspectives that promise more interesting interpretation of the data. Accordingly, the gathered interview data will be assessed critically under four metaphors that appear most relevant for the research and the gathered interview data. (Alvesson, 2003: 7)

1. "The Social Problem of Coping with An Interpersonal Relation and Complex Interaction in a Nonroutine Situation"

Interviewers age, origin, social status, form of self-presentation, communication style and many other factors inevitably shape the accounts produced. As Schneider (2000: 162) appropriately has put it "Interviewers are not simple conduits for answers but rather are deeply implicated in the production of answers."

In this sense, what has emerged as data might not be a representation of reality, but a reflection of the social situation of the interview with its given conditions, which in this case resembled a junior European international business master's student engaging with full-time specialists employed at large Brazilian companies. With interactions in English (a foreign language for both the interviewer and the interviewee) and initial contact on LinkedIn.

Each conversation created its own interpersonal dynamics, flow of dialogue, limitations due to language that all have produced certain questions asked and certain answers given. Due to the above-mentioned conditions, the starting point of the data collection process was unbalanced in terms of what is being offered and what was being returned, marking rather an indebtedness from the side of the interviewer due to the absence of a possibility to return to the same extent. Unlike an interview with a university professor, for instance, who would 'give back' to the interviewees by publishing a paper in a renowned

journal, providing professional analysis and insights or simply flattering the interviewee with the demonstrated interest of engagement in the research. In this manner the interpersonal relationship is equalized in terms of 'favors made'.
With the given situation, the bargaining position of the interviewees was larger do to their mere openness to participate. Quite frankly, to provide an anecdotal illustration of the interviewee's awareness of their superior bargaining position, one of the participants asked to terminate the interview to go for lunch.
Besides of influencing the data that has been gathered, the given conditions determined the scope of interviewees participating. As has been noted earlier, out of over 160 contacted people 9 have accepted the request and given an interview. Thus, the interviewer does not only co-produce what is being presented later in the analysis, but as well acts as a filter in the search process, also influencing who is not interviewed. Possibly, those who have not responded to the request would have provided different accounts, so that the mere requesting process influenced the ultimate outcome by getting only access to partial data.

2. "The Institutional Problem of Adapting to Normative Pressures and Cognitive Uncertainty Through Mimicking a Standard Form of Expression"

The Interview situation requires and pressures participants to generate a substantial and later 'useable' amount of data within a timeframe of about an hour. Thereby, interviewees need to compress their knowledge, insights and perspectives into a decodable form suiting the needs of the research situation, 'relying on established cultural resources to describe issues at hand' and help the researcher reduce complexity. (Alvesson, 2003: 7) Given the research questions and topics, two such cultural scripts were interchangeably identified during interviews: first, a representation of company culture: the company employee; second, the individual person or Brazilian citizen.

Interview participants have carefully chosen their rhetoric when answering questions and especially when addressing delicate topics regarding their beliefs and opinions, often distinguishing their personal position from the position of the company. There has been a sense of duality in the conversation, where sometimes two different answers were

offered (in contrast to each other) to the same question, that is precisely when interviewees differentiate between their professional stance and personal view.
As for instance, an excerpt from an interview with Social Responsibility Manager at a large Brazilian sanitation firm shows in which the implications of company CSR actions on normative and cognitive social change have been discussed:

D. "The point is, I work for a private company. But if my mind is totally different than what my company thinks. So, if you ask me this question and I will reply you right now, it's possible that [laughs]...
…
INTERVIEWER: So, you think the company does not change anything in the social domain, although they're doing these actions and helping people out on the micro-level?
D: Yeah. I think so... [pause] as a person, as D., as D.? No, I don't think so.

What appears to be a result of company isomorphic pressures, company employee D. has a sense of 'ceremonial' obligation to believe in the purposefulness of what the company does, even though he denies any transformative effectiveness of company CSR actions on a personal level. Although, the given example showed an uncommon honest differentiation between employee and individual perspective, the number of cases were explicit differentiation was not made is unknown and therefore implies that the answers might be biased to what the interviewee intends to represent to the interviewer as a company representative.

Another instance, when talking about the current government of Bolsonaro in Brazil, Social Impact Manager A. claims political impartiality and neutrality on a representative level when confronted with the topic of politics, however later shares her own thoughts that do reveal a personal take on the topic:

A: "If I tell you as [company name] employee, you work with any president. Okay. You can deal with everybody because what you want is make the country grow and independent of the government. But as a person it's totally, totally... how can I say? you know, position of my thinking about how I believe what the community needs to be, what society want to be, about diversity, about a good drive to govern [?] Not just about values, basic values but about the intelligent driving of the country. I think we are a little lost and I hope that we can change it."

The company employee intends to represent the organization in its best light, carefully chooses words (even the tone of the voice embodies professionalism, representation and diplomacy), cites sustainability reports with undertaken social and environmental actions, recalls related numbers and refers to company achievements of various types. Even the language used is matched to the style of the company's self-representation on home pages and in reports. Thus, the employee's appearance matches with the company culture.

On the other hand, there was a more creative, spontaneous and dynamic side to interviewees, possibly when the scripts of employees were set aside for the purpose of answering more general questions that regarded social, economic, environmental and political issues in Brazil. The cultural script that replaced the employee was the individual level person, that as well included the Brazilian citizen/member of society. Flexible in answering questions, thoughtful, less reserved, mechanic or 'staged' as in contrast to the employee, the more insightful parts of the data were gathered rather from individuals. (Running the risk of adopting a rather romantic perspective) the individual overtook when the questions were engaging enough or touched upon a topic that in some sense occupied the participant personally. Equally, as soon as the questions repeated themselves or drifted away to fewer interesting themes, the excitement extinguished and the style of answering retreated to the employee script. Hence, sometimes it was a juggling back and forth between the two scripts, sometimes the interview started with the employee and ended with the individual. Sometimes, it was not possible to come to the individual level.

The sense of employee/individual duality should by no means be understood as judgmental. Quite on the other side, the employee and this duality within each single actor will later be greatly helpful in theorizing the role of the firm as a driver of institutional change.

3. "Moral Storytelling and Promotional Activity: The Interview as Impression Management"

As interviews were conducted with representatives of Brazilian MNEs, it is also assumed that they wanted to leave a good impression of themselves and the company they are

working at. By doing so, possibly leaving out too strong criticisms, doubts or expressions that they themselves deemed as controversial or inappropriate.

Further, due to the interview situation there must have been concerns about the voice recording and a desire to present oneself in the best possible light, repeatedly trying to signal own personal virtue and morals, perhaps coupled with an underlying fear of exposure[3]. Or a need to adhere to standards and values of the organization to validate one's own personal appearance through a self-imposed company lens, monitoring and observing own correctness of statements.

The main point is that the interview situation might as well be perceived as a threat one experiences in examinations or evaluations. So, in a kind of situation where one's words are being recorded, one must inevitably be his own censor, applying a filter to what is possible to say and let through only appropriate enough and sometimes embellished information.

4. "The Representation/Construction Problem of How to Account for Complex Phenomena Through Language"

As Alvesson points out language is not a representation of objective reality, but it is a limited medium that allows to transfer subjective ideas of how things work in the minds of individual respondents who inevitably have to construct, simplify, filter and order meaning through spoken language. Given also the representation problem as mentioned above, spoken language aligns with the interest and self-identification of the person speaking, which inevitably (together with the construction problem) creates an element of "invention and fiction".

In addition to that, although most the interviewees had at least a conversational level English, the use of a non-native second language possibly further constrained what could have been produced if having made the interviews in Portuguese. This problem was quite imminent when interviewees were looking for ways to express themselves and often revisited the missing words or phrases in their native language, which I could neither understand nor even acoustically reproduce as written text later in the transcripts. Such

[3] Interestingly, those occupying higher positions, appeared more relaxed in sharing their genuine thoughts and opinions than those occupying lower positions in a given company. So maybe, lower ranked employees face the additional pressure of compliance and therefore do not risk strong deviance.

important accounts for studying informal institutions as for instance *Jeitinho Brasileiro* could come up in the conversation only if explicitly referred to and asked by the interviewer. It is also possible that interviewees avoided talking about very culture-specific aspects of the ways of life in Brazil, as the efforts to explain them to someone who is completely unfamiliar with them might would have been too tedious and complicated.

4.2 Why Do Brazilian MNEs Engage in CSR?

To answer this question, it is useful to turn to the first category of codes dedicated to the reasons of CSR adoption. Most of the drivers of CSR institutionalization are in line with section 2.2.1 that makes a case of a cultural change towards more responsible businesses where CSR converges with CFP. In this way, institutionalization of CSR is also recognized and reflected in the interviewees' responses. A trend in CSR adoption among Brazilian companies is claimed, which is linked to greater societal and stakeholder expectations towards companies, the coupling with CFP, isomorphic pressures from home and foreign institutional environments and individual desire to contribute to the well-being of society and the environment.

4.2.1 Logic of Appropriateness: Increasing Stakeholder Demands

Interview participants repeatedly stress that there is a societal shift in the awareness towards social and environmental issues. Some have argued that the Covid-19 pandemic and resulting challenges accelerated such awareness' shifts even more. In general terms it is claimed that society demands companies to extend their actions beyond the purpose of making a profit for the benefit of all, slowly reconceptualizing businesses as social and environmental agents. For instance, as expressed by Global Head of Diversity and Inclusion at a multinational food company:

L: "that's my perception and talking about CSR, companies are more engaged and linked to the business purpose as the society is asking for the company to give back social actions and mainly link it to the social license to operate."

Expectations seems to be growing among stakeholders. Here perhaps, the line between consumers and other stakeholders should not be drawn too sharply as each of the stakeholders seem to impact a given company in its own significant way. Besides of consumers, elevated expectations rise among potential future employees, suppliers, local communities, NGOs, shareholders, public bodies and governments. Social Impact Manager A. expresses her view of an increasing awareness and expectation of the 'new society' that increasingly wants to see convergence between values and commitments in companies too:

A: "So, I see this type of movement growing and I believe that in the future, you have more people with that conscious that can... can be conscious about their rights and discuss in intelligent level with companies or governments to build and to have a good, better society.

…

New generations need a purpose. They want to work in an environment that is some match between what I think, what I want about the future with the attitude and the drive, the companies. So, it's important to - about sustainability of the companies - to be connected to the new society, if I can tell that."

A. also expressed CSR actions to be a safeguarding measure where companies secure themselves against increasing future demands of new generations who are more inclined to value and expect company sustainable and social impacts.

The claim of increased demand for company engagement is also strengthened by research conducted by the Akatu Institute that provides a detailed report on conscious consumption, perceptions and expectation of Brazilian consumers towards companies in regards to sustainability and social responsibility in Brazil (2018).

The study classifies consumers into four categories based on 13 listed behaviors, such as separating waste or informing oneself before buying a product. The categories are: indifferent (0-5), beginner (5-7), engaging (8-10) and conscious (11-13) depending on the number of behaviors one participant adopts. In regards to company actions it has been found that the general expectation of the population is that companies should do more than is required by law to benefit society and the environment. Further, the greater the individual consciousness, the more a person expects companies to operate in favor of society.

However, consumer demands should be seen more differentiated. *Engaging* (8-10) and *conscious* (11-13) consumers are limited to a total of 24% only (20% and 4%, respectively). This implies that disparity affects CSR institutionalization and environmental consciousness substantially. As the Akatu institute greatly illustrates by first positively associating education and social class with environmental consciousness (Akatu Institute, 2018: 15) and then linking environmental consciousness to people's expectations towards firms. The lesser the educational background and social status the less likely people will believe that firms should benefit society. Instead more people claim that firms should do what is required by law or benefit their clients solely (Akatu Institute, 2018: 62) Although the majority still claims firms to have a social responsibility, institutional pressures for CSR adoption might still be weakened by the lower expectations of the major part of the population. Indicating to direct implications of disparity on CSR institutionalization and institutional change.

Stakeholder demands extend beyond the national level to institutional pressures exercised in foreign environments Brazilian MNEs operate in. Tashman et al. (2019) claim institutional duality for emerging market multinationals who are exposed both to the home-country and the usually more developed host-country environments that require EM-MNEs to comply to higher CSR standards. In addition, also to combat the country-of-origin-effect, CSR becomes a necessary measure to achieve legitimacy abroad:

L: "I think because we are a big company, so we export to external markets. So, we have this obligation, even if we don't have it here in Brazil… if I want to export to Europe, we must attend some things they expect. So, we are acting [CSR] because we have to... Act in these external markets, you know?"

4.2.2 Logic of Instrumentality: CSR Coupling With CFP

The general impression is that respondents see CSR as connected to financial performance. In this way, CSR becomes a strategic tool and a long-term asset of the company much in the sense of the strategic management literature (Porter & Kramer, 2006).

As for instance, Social Responsibility Manager, D. sharply positioned himself on the reasons behind CSR adoption as a tool of legitimation and ultimately, serving the objective of profit-making:

D: "Yes. If, if, if they [company executives] had to choose, okay, I'm gonna help those people or I'm gonna buy a new machine for production. Yeah. Okay. I'm pretty sure that we're gonna choose the second option. But like nowadays we have to think for the social, for the environment. For things like that. And so, I think that it's growing just because it's about money. We are talking about money and we just need more money and it doesn't matter if their employee is [feels] bad, the mental health is bad. I think that's just about money."

Environmental and social commitments are seen as an additional burden that increases the weight on the corporation's shoulders in its attempt to pursue profits. So, company CSR engagement was detested as an 'alibi' to be immune against accusations of indifference or passiveness. D. strongly distinguishes however, that company intentions do not match employee intentions, who on the other side devote their sincerest efforts in corporate responsibility departments, in which (in most cases) participants started to work due to its purposefulness, bringing to mind M. Friedmans argument (1972) that companies cannot have responsibilities, but individuals do:

D: "But I think that the companies just doing that because it's money and but at the same time in the middle, there are us, the employees, and I think that we do our job really, really nice. It's like, if I have to do a voluntary work, am I going to do it, because I believe in me."

Another interviewee, L. who works as responsible for Corporate Social Responsibility and Human Rights at a large Brazilian food company claims that profit-making is invariably connected to the firm engaging with its stakeholders, stressing the importance of intra-firm dialogue and cooperation as a vehicle of value creation:

L: "when we are paying attention to the needs of the people involved in our organization, we'll invariably bring financial results at the end of the day, because we will be making a positive impact on our entire operations"

Although sometimes, participants mentioned intra-organizational tensions between employees and upper management, who would sometimes, despite of research linking CFP to CSR, refuse to acknowledge the benefits of CSR adoption and would resort to activities that secure short-term gains instead. This could be interpreted as a constraining force caused by bounded rationality:

L: "I think it's very hard to...to the CEO and to the board of the organization to understand this value of the social aspect, you know, because it's very intangible. Because it doesn't, it doesn't bring financial results right away, but it's something that we must show them."

This process later in the interview is described as an ongoing conflict of interest between top management and employees:

L: "I think we have to like sell this idea to the board every day, you know?"

One more interesting perspective was shared by A., Social Impact Manager at a large beverage firm, who would see ESG as insofar instrumental for monetary gain as it helps to lift the quality of life of the population and by doing so, increase consumer purchasing power, which in turn helps the firm to make a profit:

A. "…but for example you work in some communities in Brazil, you have poor communities around the big companies. If you can keep growing up as a company and making money. But if the society don't grow up, not grow up with us, there is a limit... So, it's bad for the country and in some way, it would be bad too, for the companies."

The Brazilian stock exchange also adapts to the global trend of CSR institutionalization by introducing the S&P/B3 Brazil ESG Index, incentivizing an increase in CSR engagement by listed companies and fostering more sustainable investment. Beyond conventional financial indicators, ESG topics should largely complement shareholders considerations when making investment decisions. "These topics include how companies interact with their employees, the communities they operate in, their commitment to the environment, and how they encourage change and innovation, to name a few." (Nasdaq, 2022). The S&P/B3 Brazil ESG Index excludes companies that do not meet a necessary ESG Score, do not comply to the United Nations Global Compact (UNGC) and engage

in business activities related to tobacco, controversial weapons and thermal coal. In turn, the ESG scores of those listed companies determine their weighting in the index, creating an incentive to improve own ESG programs. Nasdaq reports that the S&P/B3 Brazil ESG Index consistently outperformed the more universal S&P Brazil Index "in more than 90%of the historical observations", directly suggesting a link between CSR and CFP in Brazil as well.

4.3 How Do Brazilian MNEs Engage in CSR?

As the collected data suggests Corporate Social Responsibility appears to have its most impact when approached in collaboration with other stakeholders that do apart from international actors constitute the country environment on all levels: the national, sub-national public sector, business sectors, cross-sectoral partnerships, collaboration with NGO, IGOs, international institutions, academia, investors and local communities. Participants consistently stressed the importance of collective efforts in putting forward a desired agenda effectively as urgent environmental and social issues demand. Climate change, preserving the biodiversity of the Amazon forest, achieving net-zero carbon emissions, achieving zero-deforestation, securing and protecting human rights, equal pay among genders, creating an inclusive working environment and corporate culture, reducing inequalities, supporting local communities, providing education, building infrastructure, respecting and enforcing minority rights, ensuring compliance within all stakeholders in the value chain etc. are matters of joint collaboration interconnected with as many stakeholders as necessary and possible for each given cause. As expressed by one of the companies examined: *"…we reaffirm our belief in the power of the collective. A belief maintained by our companies during this past year, through our four businesses and through the members of our network: our associates, consultants and representatives, suppliers, communities, and customers."*

From an institutionalist perspective, there seem to be great isomorphic pressures among the studied MNEs since all of them display very similar rituals, rhetoric's, values and actions that do seem standardized and shared. Many companies voluntarily comply their sustainability reporting to GRI or/and SDG standards, aiming for an increase in structure and therefore transparency. The government on the other hand shows more divergence

and inconsistency due to the prevalence of multiple conflicting political and ideological narratives that do prevail especially now with the current presidency of Bolsonaro who soon will be replaced by left-wing Lula who won in the second round of the presidential election on October 30th 2022. Given political polarization as well as the prevalence of structural problems as endemic corruption, progress intended by CSR action might be in some ways hampered although being at the same time supported by the public sector.

4.3.1 Collaboration with the Public & Private Sectors / Formal Institutional Change

Companies actively participate in crafting or amending future legislation on various topics sometimes limited to the field of expertise of the given companies but as well covering overarching matters of concern as human rights, diversity & inclusion, waste management, logistics, innovation, circularity etc. In this way for example, participants working at food companies were describing how they interact with legislative bodies via food associations to optimize existing legislation by bringing in company knowledge and experience. The same applies for a large Brazilian cosmetics company that did impact legislation on genetic heritage to support the conservation of biodiversity or reverse logistics on waste management via coalitions and associations of companies from various sectors and in cooperation with the third sector.

There has also been a perception that companies do not actively affect legislation but instead are limited to a position of ‘passive reaction’ where company practices are synched with regulations. Some accounts reported companies as finding themselves overwhelmed in meeting necessary responsible practices that are being imposed upon them, so that in turn companies demand clearer rules as to have an overview and move within a formalized framework that guides responsibilities companies need to comply to.

This suggests an interactive process with legislators via associations where firms directly react to given regulation and help its further development through assistance or objection. For instance, participants claimed that compliance sometimes is too costly for firms to implement due to logistical problems or sharp increases in production costs, so that companies object in case if the new legislation is harmful for the business. Either by demanding a delay of the entry into force or organizing joint pressures for amendments.

The government also aims to encourage social transformation through taxes. Existing tax incentives laws foster social spending, as does the Social Contribution on Net Income (CSLL) tax that is calculated on the basis of profits before income tax and devote 9% to social actions. The financial sector faces a rate of 20% which might be connected to their superior CSR engagement relative to other sectors presented in section 3.2.1. Anyways, companies have the freedom to decide over the allocation of these 9%, instead of letting the government redistribute the funds. In this way the resources might be used more efficiently since the companies themselves choose the beneficiaries. However, there is no absolute freedom as of how to distribute the funds as noted by Social Responsibility Manager D suggesting that these 9% are further divided and dedicated towards specific areas of social actions:

D. "I have the option to use 9% of this amount to use for social works. But I can use this only for education? No, in this 9% that we can use with social work, we have to use at least 3% education, 2% health 1%... understand?"

Thus, in this way the government ensures diversification of social impact to various urgent areas needing improvement. D. also believes that because companies are being granted a greater social budget to advocate for social issues, the impact a company can make increases given the "extra" resources:

D. "And it's also important for us because these projects are projects much bigger, that it's like really bigger project that you have to pay a lot of money to be part of this, as our taxes are high as the project, we can use this opportunity to impact more people around Brazil, understand? Because the project is much bigger. We can help more people and our impact is much better. So, for us, this incentive law is one of the best options that we have to impact real people in Brazil."

Another way in which the public sector is intertwined with company CSR engagement is the setting of mandatory quotas. For instance, the Brazilian Law on the Inclusion of Persons with Disabilities that took effect in the beginning of 2016 guarantees rights for some 45 million people with disabilities living in Brazil (Disability:In, 2022). Depending on company size, the government has established progressive quotas that firms have to meet, ranging from 2 to 5 percent. In the context of MNEs who employ over 1000 people,

the rate always reaches the maximum of 5 percent. According to this law, companies not only have to employ a given quota but as well provide adequate training in case of the absence of prior experience and guarantee equal pay for equal work. Non-compliance is threatened to be sanctioned with up to an equivalent of about 44.000 euros. However, reportedly by far not all companies in Brazil comply with this legislation due to weak enforcement, whereas MNEs claim to strictly follow what is established by law.

This section gives an insight on how Brazilian MNEs affect formal institutional change as regulations are shaped through joint efforts in sectoral and cross-sectoral partnerships as well as through associations by bringing forward agenda that requires further government attention and formal codification.

4.3.2 Collaboration with Local Communities / Social Actions

Of course, interaction with national legislative bodies is only one of the many forms companies engage with the government in order to achieve their CSR and general business objectives. Many efforts undergo on the sub-national level, where MNEs would directly collaborate with public institutions of Brazilian states to address state-specific local issues. Companies yearly devote millions of dollars to improve infrastructure, provide education, improve sanitation, healthcare, provide clean water, food, clothes and many other goods and services. Also, during the COVID-19 pandemic companies have massively supported communities to mitigate the impacts caused by economic and social disruption. And those states particularly suffering from poverty and lack of infrastructure, typically in the north-east of the country, are being targeted disproportionally high by companies.
Interviewees have reported that such collaboration always proceeds in intense dialogue with leaders of local communities and local governments, frequently organizing rounds of listening where the most urgent issues are being discussed. As Social Impact Manager A. has described her own experience:

A: "if I want to have some action in some community or city, the first thing that I do is: what the government is doing here? What type of project, what type of actions are there? What are their

priorities? So, I can work together or think about a project that, okay, I can use their potential and my potential and make this bigger." …

"You have some stakeholders, some leader in this community that are a model for us. And when you start to have a project in the company invite them to stay with us at the same table to decide together. So, they can talk to us and give other vision about the problem and the project's so much better with them. So nowadays you don't decide for any project without their opinion."

A. suggests that a coordinated joint effort is much more effective when intending to provide any kind of support as a company. In effect funds or material help can be much better calibrated to the particular needs of the local people.
However, social impact might also be provided in the form of volunteering. Most of the companies studied have devoted Institutes that dedicate themselves to social actions, redistributing company funds as well as mobilizing company employees on a voluntary basis to contribute to a given issue in many companies accounting for 10000+ hours of volunteer work. As the following annual report excerpt exemplarily illustrates:

''In 2021, 346 actions were performed in 38 municipalities. Our employees volunteered around 2,500 times, representing more than 12,000 hours of volunteer work benefiting 88,575 people."

However, company interaction with local communities is by no means limited to philanthropic donations and one-sided support. Here particularly the collaborative aspect should be highlighted. Many companies embed local communities in their value chain, establishing new suppliers of raw materials for their products.
The engagement in trade with local communities provides the locals with jobs and helps to hamper the negative impact on the environment whereas providing the company with a reliable, diversified and sustainable source of raw materials. As was greatly described by sustainability business architect & performance lead A.:

A." So, we understand that working with them [local communities], we can also conserve and preserve part of this devastated area [Amazon] and to change their mindset into thinking that they can generate income by working with [] and dry ingredients from the forest and not giving up this area to other big corporations that would devastate it."

A. thereby also emphasizes collaboration with local communities as a protective measure against illegal exploitation of natural resources, as collaboration implies continuous communication and therefore, ensures visibility for a given area. The collaborative notion is similarly echoed in the integrated report of the company offering dimensions of impact:

"Access to income through relations with cooperatives and small producers of social biodiversity raw materials that promote the standing forest. Support for the development of local infrastructure, driving access to services and basic rights. In 2021, we shared BRL 39.9 million in value with 40 communities, boosting their influence in the conservation of the Amazon"

A. additionally claimed an involvement of about 88.000 collaborating families acting as drivers of the 'regenerative economy' that creates synergies both for the local communities and the natural environment, representing a strong MNE-induced impact.

4.3.3 Collaboration with the Third Sector

Further it should be illustrated how Brazilian MNEs relate to intergovernmental organizations that broadly set out the framework for company CSR actions. After having carefully looked into company annual and sustainability reports, most companies show to comply to the Ten Principles of the United Nations Global Compact and the 17 Sustainable Development Goals. Also, most of the time company reports are adjusted to GRI standards that do determine the scope of responsibilities and the extent of reporting. One such example is the GRI 413 standard dedicated to local communities, granting third parties including this research deeper insights into what companies do ensuring transparency for stakeholders and shareholders.

As discussed in section 2.2.2, although being adopted on a voluntary basis, these guidelines set a standard for what companies should strive for and define the means by which actions and processes should be designed, implemented and presented. Thus, in the institutionalist interpretation uniformity in company approaches towards social and environmental actions is an expression of isomorphism, an increasing convergence in CSR actions proportional to company size and visibility.

Collaborations in some cases extend to the companies having representatives in these institutions. As a large Brazilian cosmetics company has members of the board in the UN

Global Compact. Some studied companies represent Brazil among other MNEs on the United Nations Conference on the Parties on Climate Change (COP26) which serves the acceleration of the Paris Agreement where each participant has the opportunity to advocate for the climate agenda from its own perspective and state of knowledge. Further, collaborations with various programs stemming from the UN, OECD or World Bank have been reported, such as collaborations with the World Business Council of Sustainable Development in Brazil (WBCSD) that represents a network of 70 national business councils with over 200 leading Brazilian companies that have a combined revenue of 8.5 trillion USD and are employing over 19 million people (CEBDS, 2022). Collaborations on the preservation of the ocean with support of the United Nations Environment Program (UNEP) or business coalitions for racial and gender equality, human rights, combating violence against women and girls and many others.

Next to IGO, NGOs are also vital actors in addressing social and environmental matters. Collaborations between companies and NGOs create synergies merging knowledge and accumulating resources to best address given issues within projects and programs. However, beyond the direct impact that result in such cooperation, companies are also claimed to improve NGOs organizational structures, helping them to establish long-term strategic goals and improve management, which also suggests an indirect social and environmental impact through the organizational support. Among others, Social Impact Manager A. has stressed this issue on several occasions:

"You work with more than 400 NGOs in Brazil to make them more professional you share your knowledge, your way of driving business to deal with their challenges, deal with their financial problems and make them sustainable. And it's very good to see that these NGOs are in fact more people now.

"…managers in my company go to these NGOs as mentors and help them to organize big business and make them think about how can I deal with money? How can I set up some goals? How can I manage people? And after that, after this organization, this entre... social entrepreneurs -this word is very difficult [laughs]- they start to work in a better way, and they can impact more people. They can use the same money to impact more people, or they can make their quality of work higher. It's very interesting. And it's a good way to make a partnership between big companies and NGOs. They have different business but you have connection to, and you can work together to help communities to grow."

It also seems to be an illustration of how highly standardized and bureaucratized MNEs shape non-profit organizations they are collaborating with towards greater structure and efficiency. From an institutionalist perspective, it could be argued that NGOs do not require as sophisticated organization as commercial entities due to their not-for-profit-nature. However, synergies resulting from interactions between the private and third sector may result in increased NGO efficiency due to knowledge transfers that enable more effective allocation and use of resources and therefore, greater social and environmental impact through collaboration with MNEs.

4.3.4 Collaboration with Employees / Employee-Related Social Actions

Similarly, as in the scenario with local communities, companies engage in continuous dialogue and exchange with their own employees. MNEs devote substantial resources to invest and promote trainings, provide education and address immediate issues and concerns arising for various groups of workers. Being also true in relation to its workforce, constant and open communication is claimed to be key to achieve maximum-possible impact:

L: “the biggest impact occurs when we go onsite and we get to talk to people. I think that's the biggest impact, you know? So, when we started to develop this onsite social diagnosis in our operation operating unit and go on this unit and hold rounds of conversation and active listening. I think that's when the biggest impact happened.”

Beyond legal requirements Brazilian MNEs establish a living wage for its employees which is about four times the legal minimum wage currently established by the government (around 1100 reais per month, which is equivalent to about 215 euros). By doing so, companies ensure a decent living standard for its employees granting them access to goods and services that would otherwise not be accessible. Since the minimum wage at best enables to cover only the very basic expenses as food, housing, transportation, school etc. So, the skilled and educated part of the population is strongly incentivized to work at MNEs due to the voluntarily adapted elevated standards and training opportunities that companies offer in contrast to what is provided elsewhere externally.

Elevated standards do manifest themselves not only in monetary and educational terms, but as well include a more sophisticated and institutionalized working environment and culture. An essential part of every company's agenda is therefore the creation of an inclusive, non-discriminatory environment that embraces diversity of all of its workforce. Company cultures are well striving towards the 'ideal' situation of equal treatment, opportunities, salaries (for equal work) and rights. Although, this kind of transformation is reportedly still in its 'infancy' and faces substantial present and future challenges, companies nevertheless manage to create a somewhat more egalitarian sub-society within a rawer, more unequal country environment. Most of company ideology and D&I-related actions are designed to counterbalance and address deficiencies existing outside of the company boundaries, which according to interviewees are still characterized by rather strong prejudice, discrimination towards women, black people, indigenous people, people with disabilities, LGBT people and other minority groups.

4.3.5 Due Diligence

Due Diligence is another crucial force of CSR institutionalization coercing every stakeholder within the value chain to act according to highly standardized codes of conducts.

Collaboration and partnership between companies is conditional. Members of an MNEs business network and value chain are required to match international standards on ethical business practices covering basic topics as human rights, slave and child labor, working hours, freedom of association, freedom of expression, health, safety and hygiene standards which by no means are self-evident. Many interviewees have also reported tracing suppliers of raw materials based on whether they engage in business in areas of deforestation or areas inhabited by vulnerable communities. Thus, any business integrated in the company supply chain is subject to permanent monitoring where the regularity of assessment depends on the respective estimated risk of non-compliance attributed to a particular partner. If such business partner fails to comply by violating any of the determined standards or causes, the business relationship is terminated immediately. Equally, any new or potential business partners are being evaluated prior to the business relationship, suggesting that larger and more institutionalized entities force their partner SMEs to also institutionalize to a certain degree as a precondition of

partnership. In this way, MNEs are rising the standard of smaller businesses, which in turn have to adjust to survive and remain competitive.
The same is true internally, companies have sophisticated channels designed to reveal cases of corruption or any other kinds of misconduct among employees or other stakeholder which can be reported at any time anonymously. Reports depending on the nature of the misconduct undergo rounds of investigations and in case of an offense receive an adequate penalty, also leading to dismissal if necessary.

4.3.6 CSR Network of MNEs

Section 4.3 does not reflect the entirety of CSR actions but merely shows the ways in which CSR actions are enacted, stressing the importance of synergies created in collaboration with the public, private, third sectors and well as local communities and employees. It also already indicates to important ways companies cause CSR-related institutional change. However, before expanding on this aspect we should first look at those areas that would benefit most from institutional change. The next two sections will be dedicated to urgent challenges the country faces at this moment from the perspective of the interviewees backed up with available country data. This section should merely emphasize that CSR cannot be looked at in isolation as MNE actions solely when addressing the topic of institutional change. Figure 4 proposes a graphic summary of section 4.3, the network of MNE CSR Collaboration in Brazil depicting the most important actors that do contribute to successful CSR undertakings on all levels and in all forms.

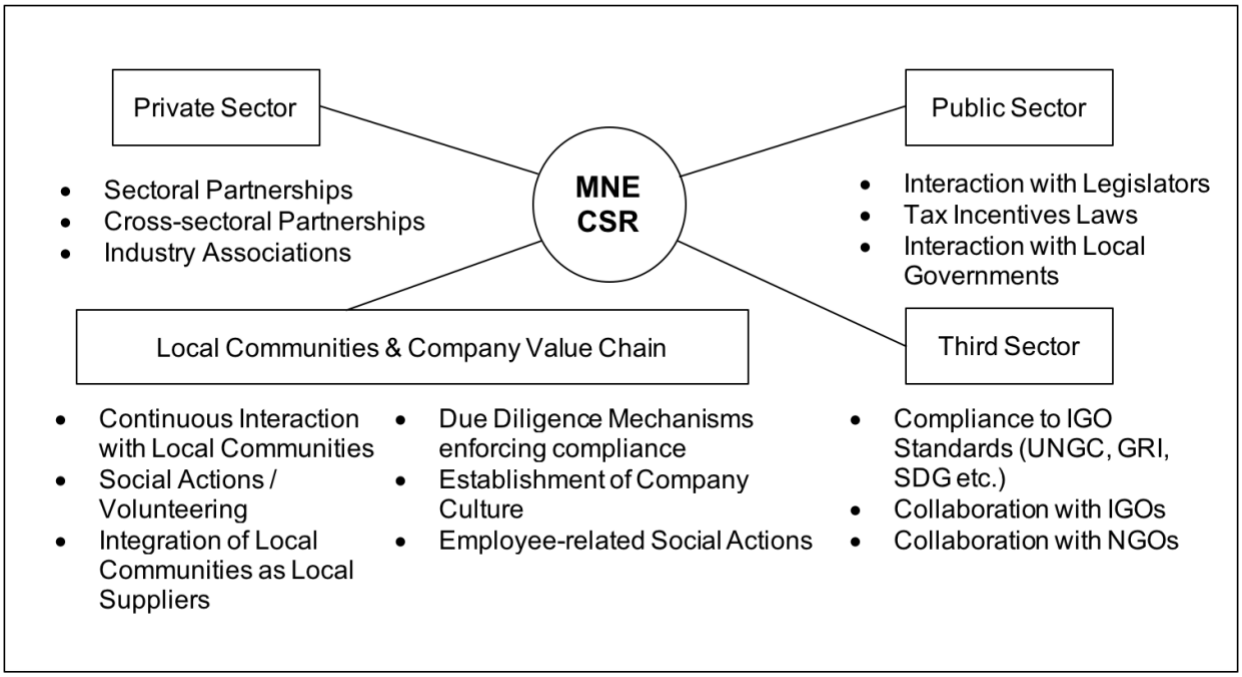

Figure 4: Network of MNE CSR Collaboration in Brazil

4.4 Institutional Voids / Tangible Expressions

This section serves the purpose of outlining the major issues Brazil faces at this time according to interview participants. By doing so an attempt will be made to connect more tangible external challenges to more intangible informal expressions that are assumed to go hand-in-hand and reinforce each other. Interviewees responses will be used to make a case for the more tacit informal institutions which are essential to discuss means of informal institutional change.

Tangible expressions of institutional voids are assumed to be *both* cause and effect of deficiencies in formal and especially informal institutions (or intangible expressions of institutional voids) as illustrated in figure 5. Therefore, tangible and intangible deficiencies both need to be addressed to tackle the self-reinforcing cycle that preserves the status-quo.

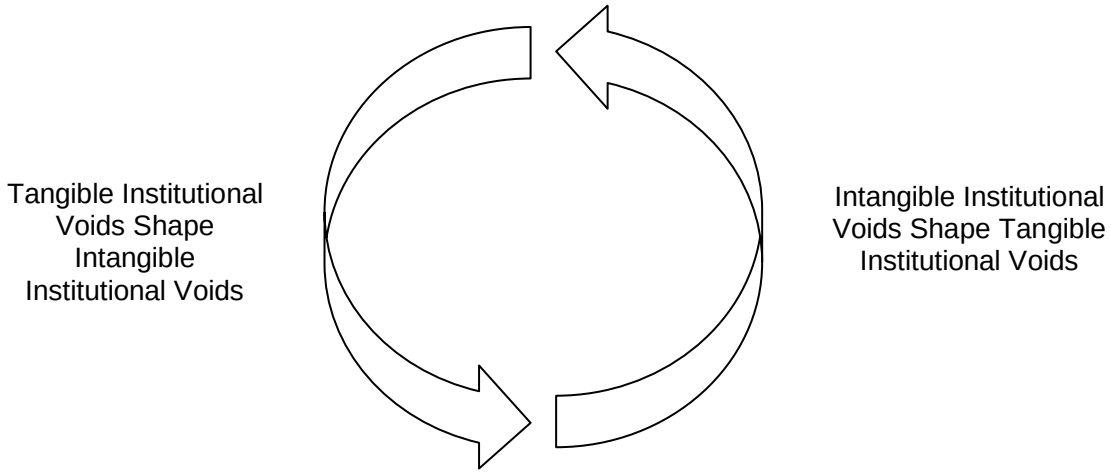

Figure 5: Interaction between Institutional Voids and Informal Institutions

4.4.1 Poverty and Social Inequality

When asked about the greatest challenges Brazilian society currently faces all participants without exception have mentioned social inequality and poverty. Before referring to the interviewee statements however, relevant information collected from open data sources should be presented first.

Fundação Getulio Vargas (FGV), a leading Brazilian institution dedicated to socioeconomic development reports that 2021 is marked by the highest rates of poverty ever since Continuous National Household Survey (PNADC) started to collect such data in 2012. COVID-19 has struck Brazil immensely: *"In the space of two years, between 2019 and 2021, 9.6 million people saw their income drop and joined the group of Brazilians living in poverty"*. According to FGV, in 2021 62,9 million Brazilians or 29,6% of the country population reported a monthly per capita income of *up to* 497 BRL (circa 95 EUR). Whereas the distribution of poverty suggests 497 BRL to be the top income within the poverty range, within which about 33.5 million people earn only up to 289 BRL per month (circa 56 EUR). However, even the maximum 497 BRL represent less than half of the legal minimum wage established by the national government (ca. 1100 BRL).

Suggesting that some 30% of the Brazilian population earns less than half the minimum wage.

The study also offers a geographical distribution of poverty across Brazilian states with lowest poverty rates in the southern Santa Catarina, (10.16%) Rio Grande do Sul (13.53%) and the Distrito Federal (15.70%). Highest rates are registered in the north-eastern Maranhão (57.90%) the Amazonas (51.42%) and north-eastern Alagoas (50.36%), suggesting strong geographical disparity and variation among regions. (Neri, 2022).

For a large part of the vulnerable population basic needs as housing and food are not fully satisfied. Despite Brazil being one of the top global producers of agricultural goods, Reuters reports a record-breaking 36 percent of Brazilian families to be under the threat of food insecurity in 2021, with the Russian war in Ukraine triggering sharp rises in food prices and threatening with prospects of future shortages in food supplies.

Given the immediate economic lack for a great proportion of the Brazilian population, such starting point represents a decisive characteristic shaping most further areas of social, political and economic live in Brazil.

4.4.2 Inflation

Rather than an actionable institutional void, inflation is a given that exacerbates social inequalities by decreasing the power of consumption of the population and putting publicly listed Brazilian MNEs under pressure to increase performance to compensate for inflation through increased sales.

The current (September 2022) annual inflation rate is at 7.17 percent having reached values as high as 12.13 percent in April 2022. The Brazilian Institute for Geographic's and Statistics (IBGE) uses two inflation indexes to measure monthly changes of an essential consumer basket of goods and services, the National Consumer Price Index (IPCA) and the Broad Consumer Price Index (INPC). The federal government uses the INPC as an official inflation index, since it includes a broader range of the population, households with a monthly income ranging from 1 to 40 times the minimum wage (disregarding roughly 30% of Brazilians from the calculation who simply do not reach an income level of 1 minimum wage). Another Index, the INPC price index reflects the more vulnerable parts of the population including only those households with 1 or 5 times the

minimum wage, usually devoting most of the budget to essential items as food, school, transportation and living costs. (IBGE, 2022)

Director of Sustainability K. not only regards inflation as a major challenge for publicly listed companies but also as a substantial threat to the vulnerable part of the population:

K: "I think that although Latin America is known for hyperinflation, I think that what we have seen, especially from the last 15 months is that we increase a lot of the inflation which means that people are having not only difficulties to acquire the basic things for their own consumptions, but the other challenge that we are facing is that the level of unemployment is increasing again.

…

"And what we have seen is that five years ago, probably this kind of increase [inflation] should be around like 3 to 4%. Currently we are talking about 11%. So, imagine that. The level of inflation is going to decrease the power of consumption on 10% every year."

4.4.3 Education

Unequal access to education in Brazil is a major issue that most participants have claimed to be one of the crucial drivers of social inequality. Sustainability Director K. has linked poor education to an absence of opportunities in later life:

K: "…if you do not have access to good education, then probably you have less opportunities. And because of that, you have less chance."

Similarly, when asked about the greatest challenge Brazilian society currently faces Head of Diversity & Inclusion L. has answered that poor education is a main problem, leading to a later segregation in society:

L "I will resume in one major topic, which is education [without hesitating]. Brazil is a huge country and we have some parts of Brazil with a great human development index and other ones in the north and northeast of the country, which are very, very poor, have a low index. So, people don't have access to education, to healthcare, to basic things in Brazil. And these people don't understand what is going on in the political and economic scenario of Brazil. So, they are not able to understand and to vote, select politicians. People don't have the knowledge and they don't have access to basic content. As how to manage your finances, how to have access to healthy foods... In my perception, that is the huge problem of Brazil."

OECD also claim the socio-economic background to be a strong predictor of education outcomes. Accordingly, in Brazil only 5 socio-economically disadvantaged students score above PISA level 2 in reading for every 10 advantaged students scoring above this level. (OECD, 2021) If referring to IBGE, the Brazilian Institute of Geography and Statistics, the data provided seems to be limited to indicators showing a rather favorable picture: a steadily decreasing illiteracy rate until 6.6 percent in 2019 (of people aged 15 or over) and a 99.7 percentage point representing the number of people aged 6 to 14 who attend school in 2019. (IBGE, 2022)

However, school attendance rates do not seem to reveal much about the quality of education. Most interviewees have claimed poor conditions in Brazilian public schools referring to a low education standard, deficit of teaching staff and issues as the lack of basic learning materials or appropriate education facilities. Public schools have received most criticism among interviewees:

K: "So, it's very difficult. What I can say is that in general terms, the level of education of the country is very poor, which means that in general terms, the level of the basic formation under education it's very limited, even though that people attended, let's say the high school, they have some difficulties to do the basic maths and to read and write. When we are talking about foreign language, it's very, very limited to just few parts of the population. And as I mentioned to you, the majority of the population never left their own cities or their own state, which means that even knowing their own countries is very limited."

Y: "Anyway, Brazil is a very unequal country in all areas. So, when you, when you look to education here, for example we have public schools and we have private schools and private schools are far better than public ones. Sometimes in the public school, you don't have teachers to teach. So sometimes you don't have a bathroom, sometimes you don't have food. So, this is very bad."

The more privileged part of the population who can afford to invest in better education chose private schools over public ones, which generally are considered as higher quality among all interview participants. Global Head of Diversity & Inclusion L. claimed from her own experience the impact higher quality education had on her life:

L: "in Brazil we have the public schools, which is the worst educational system and the private schools. And then I studied in the private school. So, I had access to studies and education. And then I do know how it changed my life, everything that I have today."

Interestingly, when it comes to higher education public universities are preferred to private ones as they are generally considered as higher quality. However, oftentimes it is a challenge to pass the entry exams in public universities for which public schools prepare only scarcely. As Diversity & Inclusion Consultant at a major Brazilian food company has explained:

Y: "those studying in public schools often do not have the resources to devote themselves to school only. Instead, many people are forced to work in parallel to provide for their families and sometimes even, for children. As a result, they are at disadvantage relative to the privileged ones who can afford to go to private schools. This disadvantage displays during entry exams into good, mostly public universities that those without proper prior education and preparation barely pass."

Unequal access to education appears to be an essential predictor of differences in later life opportunities, nesting social inequalities from early life on and impeding social transformation of households with low-incomes. Thereby predetermining future outcomes to a great extent and preserving the status-quo of socio-economic divide.

4.4.4 Corruption

According to Transparency International Corruption Perception Index Brazil scores 38 out of 100 possible points placing it on the 96th rank out of 180 countries worldwide. The corruption perception index measures perceived corruption in the public sector as reported by experts and businesspeople and is based on such manifestations of corruption as "bribery; diversion of public funds; officials using their public office for private gains without facing consequences; ability of government to contain corruption in the public sector; excessive red tape in the public sector which may increase the opportunities for corruption; nepotistic appointments in the civil service; laws ensuring that public officials must disclose their finances and potential conflicts of interest; legal protection for people who report cases of bribery and corruption; state capture by to narrow vested

interests and access information on public affairs/government activities". The score changes show a decreasing trend from 43 points in 2012 to 38 points in 2021, suggesting an aggravation of corruption in the last decade in the Brazilian public sector. (Transparency International, 2022)

4.5 Normative and Cognitive Voids / Intangible Expressions

This section refers to the more intangible patterns in normative and cognitive settings that interviewees have expressed throughout the research process and connected to the more tangible and apparent issues presented above. The central argument is that the physical environments in which people live and the conditions to which they are exposed to have a crucial impact on the normative and cognitive settings that are being shaped, supported and reinforced by the given status-quo of the immediate surroundings.
Of course, this does not mean that institutional voids necessarily and inevitably result in the below-mentioned issues. Undoubtedly, poor conditions must also result in more formative and creative normative and cognitive settings that are driving people to improve their overall situation. The below-mentioned observations by no means have an evaluating character but far more represent what interview participants have been expressing throughout the study and thus should merely serve the research purposes.

4.5.1 Cognition Shaped by Surrounding Environment and Living Conditions

A large part of the Brazilian population is vulnerable to the environment they are surrounded by and shaped by their living conditions. It has been numerously stressed that the majority of Brazilians have never left their home-cities or villages and have only very limited knowledge about their own country. Lack of opportunities, poor education, widespread poverty, crime and corruption makes it much harder to see alternatives to the given setting. So, it seems inevitable that such environments must have a shaping and limiting effect on the ways people can see the world and evaluate their own opportunities. Diversity & Inclusion Manager Y. has shared a very sound example of how strong the coercive force of one's own surroundings can be.
When working as a volunteer in the favelas of São Paolo during the pandemic period Ys agenda was partly related to 'bringing hope for a better future' to the local youth through

open dialogue. He shared his own experience of how different realities for citizens of the same country can be:

Y:" …you know, we were talking about "so you have, you can study, you can study abroad, you can get your money, you can have a house, blah, blah, blah. So, it's possible future." We were saying something like that. And then one of the young men there said "wow, it's so crazy to hear you talk about this because as we live here in the favelas, usually we want to be the leader of the drug traffic, you know, the drug dealers." So why they want to be these guys, because these are the examples that they have. They do not have examples of someone that went to study and became rich and everything. They have all around them, bad examples of people that went to this world of drugs and got rich very fast."

Adopting the perspective of someone who grows up in a closed community marked by high levels of poverty and active organized crime, there might not be any better options than those which are perceived from the immediate surrounding, making it much more likely for (especially younger) people to use what they see as a reference for themselves, mimicking their environment and reinforcing it through their own adoption of its features. In an interview with Social Responsibility Manager A. I allowed myself to share Ys story about the young men in the favela when talking about the same issue. As a response to my comment A. did recall a similar situation from her own experience where young man were considered 'too old' to start their lives:

A: "You make me remind another thing. One leader in community told me that he was in a group with teenagers. Not teenagers, young man, like 21-23 years old. And they were told by this leader that they were [too] old to start to work. Old to start their lives. It's crazy, 21 years old. So, because it's the only thing that they can see in the favela."

Vulnerable environments closed to other societal realities and exposed to criminality and corruption seem likely to cultivate the belief that its features are part of everyday life or means by which certain goals can be attained, solidifying (shared) normative institutions in the perceived absence of alternatives. In this way, people are forced to live according to their realities, where structural failures and imperfections become integrated, absorbed and routinized. For instance, when asked about the role of corruption in public affairs Y. expressed:

Y: *"Corruption is very, very connected to politician life here in Brazil. It's something that it's all over the news all the time. People are talking about corruption day by day. So, when you, and as they are all talking about it all the time, and we have new cases on the news all the time, I think this messes up a little bit with people because they think, okay, why should I be doing something right? Why should I be doing something good? If this is the examples we have, this is what our leaders are.*"

The surrounding environment forces the normalization of and adaptation to such phenomena through constant influence and repetition. In this way shaping and shifting norms and beliefs to a level that allows people to tolerate and navigate through their environments, possibly even through the adoption of its features in their own behaviours. It also appears that to the vulnerable part of the population the social, political and economic 'givens' are a much more powerful socializing force than to those who enjoy a certain mental distance or 'immunity' through social privilege. As Y. has reflected about his own situation later in the conversation:

Y: "The point is - I have a privilege. I studied in a private school. I studied in a public university. I have this privilege, so I had a nice home and I had a nice family that invested, had money. You know, they had the conditions to invest in my education and in my formation as human being, as a citizen. So, I have... I am lucky in the end of the day, and I know that I am part of, I don't know, maybe 5-10% of Brazilian population. And high poverty and lack of education deter people from having a perspective beyond their day-to-day realities."

Of course, it would be naïve to reduce the problem to mere economic lack. The coercive force of the surrounding institutional environment might well affect every other social class. However, disadvantaged people might be more vulnerable and receptive to its negative effects of isolation.

Similarly, as Y. Social Responsibility Manager A. has also expressed an identical idea when asked about the causes of corruption. Here too it can be seen as an influence of the surrounding environment, where certain values are transmitted through family in the early years of formation, the values of which in turn might be strongly influenced by the immediate environment:

A: “You learn many things since you are you as a kid. Okay, you learn some rules that, okay, I can do that. I can take something that's not mine. I can hear you talking about education, but not a formal education, but when you have a family, [inaudible] family you can learn about things that you won't change in the future. So, I believe that it’s starting at the beginning, and it's not about money, it's about values, because sometimes you can see teenagers, rich teenagers making bad things, and they [inaudible] see that in their families. So, is about education, but I can tell not about formal education, but formation, family and values.”

Bounded rationality, limited knowledge of existing alternatives in combination with constant influence by one’s own environment fuel the reinforcement of the status-quo with all of its implications, to various degrees mirroring itself in people’s cognitions and behavior and isolating them from alternative perspectives. Thereby, county voids seem to have a stronger influence on the more vulnerable part of the population characterized by lack of access to basic resources and education. To underpin this idea Global Head of Diversity & Inclusion L. shall be quoted who expressed how lack of formal education affects later life understanding of the social, political and economic realities, thus disclosing a greater susceptibility to country voids:

L: “People don't have access to education, to healthcare, to basic things in Brazil. And these people don't understand what is going on in the political and economic scenario of Brazil. So, they are not able to understand and to vote, select politicians. People don't have the knowledge and they don’t have access to basic content. As how to manage their finances, how to have access to healthy foods... In my perception, that is the huge problem of Brazil.”

Departing from the idea of living conditions and the surrounding environment as a constituting force of cognition and sense-making, its further elements and expressions that participants have consistently associated with institutional voids should be discussed.

4.5.2 Jeitinho Brasileiro and its Downsides

The concept of Jeitinho is deeply ingrained into the Brazilian way of being and in its very literal meaning translates as a “little way”. Jeitinho reflects a way or a method to accomplish something creatively by disregarding or bending certain conventions and rules, thereby according to participants, when asked about jeitinho they reported that the

concept might have a positive as well as a negative connotation. In its positive meaning jeitinho reflects the ability to find creative solutions to complicated and urgent problems often accompanied with resource scarcity. In this sense people might often try to make the best out of a given situation, some participants have shared their thoughts on the "good" kind of jeitinho stressing its value in creative problem-solving:

A:" It is [jeitinho] about creativity, innovation about 'how can I make money in crazy conditions without opportunities?' 'How can I make my opportunity?' So, you can see this type of jeitinho brasileiro in poor communities. That's very interesting. It's about surviving but in a fair way, without making a prejudice."

On the other hand, jeitinho is a way of taking advantage of a certain situation or as Social Responsibility Manager D. has put it *"doing the right thing in a wrong way".* Since interviewees have expanded on the downsides of jeitinho more often, a few excerpts will be presented here to best illustrate the concept from interviewee's perspectives:

T: "I think we have a good way to use and the bad way to use it. The good way you know how you can be creative to get the results done and face the difficulties and so on. But the most part of people, I think use the bad way [of jeitinho]. That it's how you change the rules... not how you change the rules, but avoid the rules and take advantage of this."

Some participants did differentiate between the good and the bad sides of jeitinho, whereas sometimes only the downside was stressed:

D: [laughs] Jesus, Jeitinho, it's a way that we talk. That's some, it's like... your mother says to you 'you have to go to the market and buy one Euro of bread', correct? That's the point. And then we go to the market and you spent 90% of your amount on bread. And then the other 10% is used to buy a candy, but you don't tell to your mother. And then you come home and say 'that's the one Euro bread, mother'. Jeitinho is a way of say or doing something not right in Brazil."

Jeitinho in its negative connotations was quite often associated with informal structures as nepotism and corruption among public officials.

4.5.3 Discrimination, Prejudice and Their Collective Neglect

Although being a country of rich cultural and ethnical heterogeneity, several minority groups and women face severe discrimination as reported by all interview participants without exception. Many have claimed racism and prejudice towards minorities to be a structural problem plaguing Brazilian society until today. Global Head of Diversity & Inclusion L. shared her sentiment:

L: "Being honest, diversity and inclusion is a huge and difficult topic to work with here in Brazil as there is a lot of prejudice, especially with black people and people with disability. Discrimination is a big thing in Brazil that has just started to be addressed in society. So, it's a long, long journey in Brazil, so we can have a more inclusive environment.

Moreover, a problem that is not acknowledged by the major part of the population and mainstream politicians and therefore keeps reinforcing itself in various visible and 'invisible' ways. Some have referred to the statement made by previous president Bolsonaro claiming that racism does not exist in Brazil.
The more 'visible' ways of discrimination that have been claimed most during the interviews are top management compositions of Brazilian MNEs which are predominantly occupied by white men. Although the proportion of black people in Brazil reaches some 55%, only 2% occupy executive positions says Sustainability Manager K., suggesting strong social inequalities for black people starting in early life.

So, you need to have a better education for all, it's a problem. For example, black people, the most part of them don't have the opportunities of education that white people have. So, when you go to companies, the companies in Brazil... for example, I have more white people in positions of power. And it's a cycle and this cycle is starting in education.

The same is also true for women, who too are underrepresented on the top of large Brazilian companies. Although MNE also actively strive towards self-imposed targets to increase the number of women executives, these targets are still substantially below the proportion of women in Brazilian society, which has caused some frustration especially among female participants. But nevertheless, as CSR and Compliance Manager L. has concluded, the problem is all encompassing:

L: “once we are going up the pyramid, we don't have women on top. We don't have black people on top. We don't have L G B T, bisexual people on top. We don't have gay people on top.”

The other kind of discrimination here is referred to as invisible since there appears to be only limited awareness and a degree of its denial. Diversity & Inclusion Consultant Y. has mentioned that a situation must become quite obviously discriminatory to be regarded as such. He has given some explicit examples from US cases that would have been considered and qualified as racism. However, he claims that a much more implicit kind of discrimination is oftentimes failed to be identified:

Y: “…They do not understand that racism is when you go to your doctor, you will never meet a black doctor. When you call for a lawyer, you will never call to a black lawyer. Of course, I'm using the never word, but yes, we have, but it's a very, very small representative number. So, the strongest point here in Brazil is the structural racism, which is present in the institutions, which is present in the way our society is viewed.”

Y. claims that signs of discrimination are flying under the radar of what people consider to be as such and through this these signs remain and reinforce. In line with the idea of neglect, other reports claim a failure to acknowledge varying degrees of opportunities people have in society and the different ‘starting points’. These assumptions are based on a meritocratic discourse argues Diversity & Inclusion Manager T., where everybody is believed and claimed to have the same chance. However, social realities and existing prejudice oftentimes puts women, black people, people with disabilities, LGBT people and refugees at a disadvantage from the very start.

T: “So, when you talk about racism, they convert the situation like: “Oh, this is only complaining. This is like playing the victim” you know? “If I can, all people can” the meritocracy discourse in speeches is really present in our society, so I think this changes the mindset of people and it’s important to show that it's not just about meritocracy, but people don't have the same opportunities. It's difficult because all the time you see these speeches really strong, especially in the companies. So... And I can give another example “refugees, black personal [can] win as everyone can” they don't understand there are different opportunities. And how the racism works because they don't live in this, the privileged ones. So yes, I think it's difficult talking about privilege because people understand privilege, [inaudible

] and not understand they have more opportunities than others... So, I think this is one of the challenges we're facing right now."

According to T. the meritocratic discourse is strengthened by an inability to put oneself in the shoes of the other and embrace the challenges one might him or herself never faces. The issue of segregation of society is claimed to strengthen the inability to do so, since people very often are simply not confronted with each other. In other words, people don't live together and therefore never have the chance to meet each other's realities and challenges.

4.5.4 Political Passiveness and Polarization

Little involvement in the political life is one of many manifestations of the ways in which the surrounding environment and living conditions seem to affect people. Many interview participants have claimed low levels of political involvement and general disinterest in political life among large parts of the population. Brazilian law even foresees compulsory voting for citizens to increase participation. However, there is a possibility to opt for blank, which is a neutral vote not attributed to any candidate. Besides, null votes are also common when voters intentionally leave out information or sabotage the voting sheet in any way to make a clear preference unidentifiable.

In Brazilian elections neutral votes have a long-lasting tradition. For instance, in the 2018 presidential election that lead to the victory of Jair Bolsonaro about 42 million citizens or roughly 30% of the citizens that were apt to vote opted not to do so through blank votes, null votes and abstentions. Suggesting that many did in fact not vote for Bolsonaro in that election, who has received the support of only 39% of the total eligible population. (SPW, 2018)

Sustainability Director K. has greatly exemplified this issue with a clever local Burger King advertisement that was running at the time of the presidential campaigns in 2018. People on the street were exposed to an electronic ballot with two buttons that offered to vote either blank (no candidate) or green (some candidate). Those who have chosen to press the blank button were later served a burger with no contents except for onions with the text attached stating: "If you will not decide, someone else will decide for you" providing some analogy on what had later happened in the election outcomes the same year.

However, contrary to claims of Brazilian political passiveness, the participation rates during the second round of the presidential elections on October 30th 2022 were astonishingly high. With 118.5 million valid votes (excluding the 5.3 million blank and null votes) about 75 percent of the eligible population chose a candidate. (Bloomberg, 2022) The current elections are considered as 'historic' and demonstrate a general disappointment in the political establishment of right-wing Bolsonaro, whose approval rate by the end of August 2022 only reached some 38 percent contrary to 83 percent of approval rates of Lula when he left office in 2010 after his last presidential term.
These elections seem to be a great expression of political mobilization but as well Brazilian society's division, citing CSR and Compliance Manager L who has claimed "disparity of ideas and values". Bolsonaro despite his efforts to support the poorest Brazilians with his Auxilio Brasil program, has not managed to gain their trust in the face of his coronavirus politics that has cost around 685 thousand lives and primarily affected the most vulnerable citizens. If looked at the geographic distribution of votes, a clear divide between north and south can be seen. Especially the more disadvantaged north-eastern regions as Maranhão, Bahia, Pernambuco, Ceará and others have strongly supported the left-wing candidate Lula, whereas the wealthier south and central state gave their preference to Bolsonaro, such as Mato Grosso, São Paolo and Santa Catarina. (DW, 2022)

The case of the presidential election makes a division in two camps within the country more complicated, since Bolsonaro thus far in interviews has been associated with the disadvantaged part of the population whereas Lula was seen as a representative of the more privileged. In this fashion some participants have linked inequalities to the traditional way of life, religion and a general conservative stance reflecting societies unwillingness to change. L. commented that the government of Bolsonaro reflected such wishes and fears:

L: "we perceived that with this election [Bolsonaro in 2018], we saw that a lot of Brazilians still are on the past and don't want to change and are attached to this way of living."

At least, the geographic distribution of votes during the presidential election suggests a more differentiated if not the opposite picture, where the disadvantaged have put all stakes on left-wing representative Lula. And more wealthy states give their preference to Bolsonaro.

Given the election outcome, there is no way to deny the deep division of Brazilian society, the camps of which fail to find a common platform of communication. There are perceived preoccupations that recently elected Lula will struggle to find a way of getting along with original electorate of Bolsonaro, who is considered to be more attached to the traditional, conservative and religious way of life. Diversity & Inclusion Manager T. has expressed her concern in an interview prior to the presidential elections:

T: “The elections, for instance, many people are saying the main problem with the left side, is we are not talking with the average people because we are talking about what is important to us in terms of movement...and it connects with me that I agree with these kinds of ideas. So, we are not able to talk with people who don't think like us. So, this is the main difficulty that I see right now in terms of Lula growing there, in his possibility to become a president. How are we talking with the other kind of electors that are not thinking like him, like the left side.”

The challenge indeed will remain as of how to transport an agenda accessible for all parts of the population, that would bridge people together instead of further dividing them.

To bring this discussion closer to the topic of research, political instability might be a threat or obstacle to CSR institutionalization, since the political agenda varies strongly depending on the given candidate. After all, during his presidency Bolsonaro was capable of decreasing corporate taxes and relaxing environmental regulations that in turn might negatively affect the behavior of some particular companies and counterbalance the efforts of companies that for instance strongly emphasize the preservation of the natural environment. Also, informal institutions as claimed in this section are strongly affected by the surrounding environment which a given political agenda in many ways can shape and amplify.

4.5.6 Proposition to Institutional Theory: Institutional Segmentation / Isolation

It is theorized that tangible expressions of institutional voids shape its intangible expressions and vice versa. An illustration is attempted in figure 6.

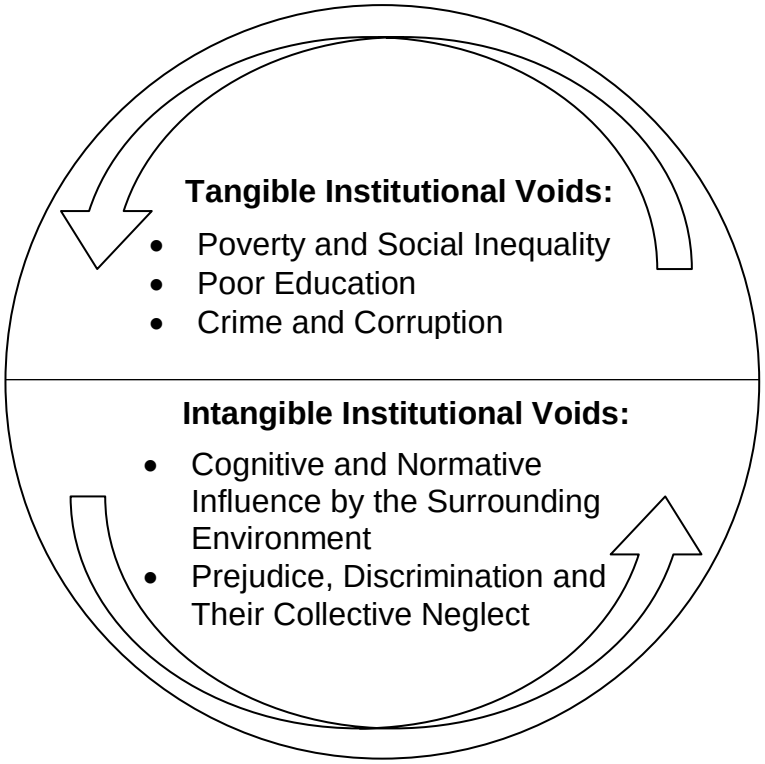

Figure 6: Self-Reinforcing Home-Country Institutional Voids

It is to be imagined as a self-reinforcing cycle that maintains itself and represents an institutional vacuum, isolated from the effects of institutionalization. Thus, contrary to the existing unspoken assumption of aggregate institutionalization in institutional theory it is suggested that isomorphic pressures and institutionalization do affect emerging and developing country environments only partially. Institutional voids appear to impede institutionalization through conditions that make the disadvantaged part of the population irreceptive or only partially receptive of institutionalization. Figure 7 depicts the idea of segmented institutionalization where both institutional isolation (resulting from the interaction between tangible and intangible (informal) institutional voids) and institutionalization exist at the same time in the same country environment.

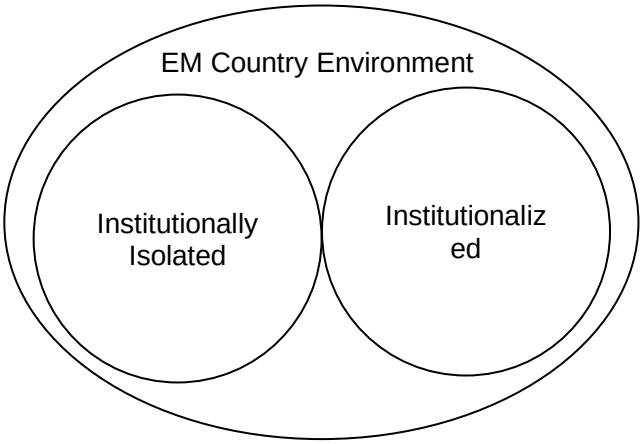

Figure 7: Segmented Institutionalization

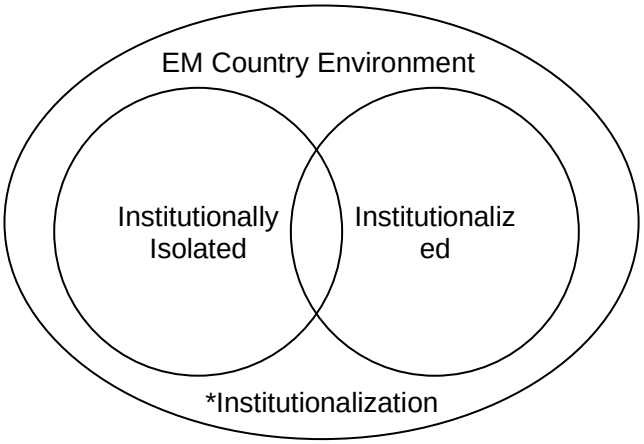

Figure 8: Segmented Institutionalization in Interaction

This model is consistent with the proposed interaction between institutional voids and CSR actions in section 4, suggesting that the intersection (*) between institutional Isolation and Institutionalization represents further institutionalization or institutional change (Figure 8)

4.6 MNE CSR-related Informal Institutional Change

As previously claimed, MNE-induced CSR-related institutional change happens at the intersection of CSR actions and institutional voids or as argued from the theoretical perspective, the intersection between institutionalization and institutional isolation.

Figure 9 depicts an integrated framework based on the previously presented network of CSR collaboration and the self-reinforcing nature of tangible and intangible institutional voids where institutional change (marked as green arrows) happens when the outcomes of CSR collaboration address or affect the self-reinforcing cycle of institutional voids thereby targeting both formal and informal, tangible and intangible expressions.

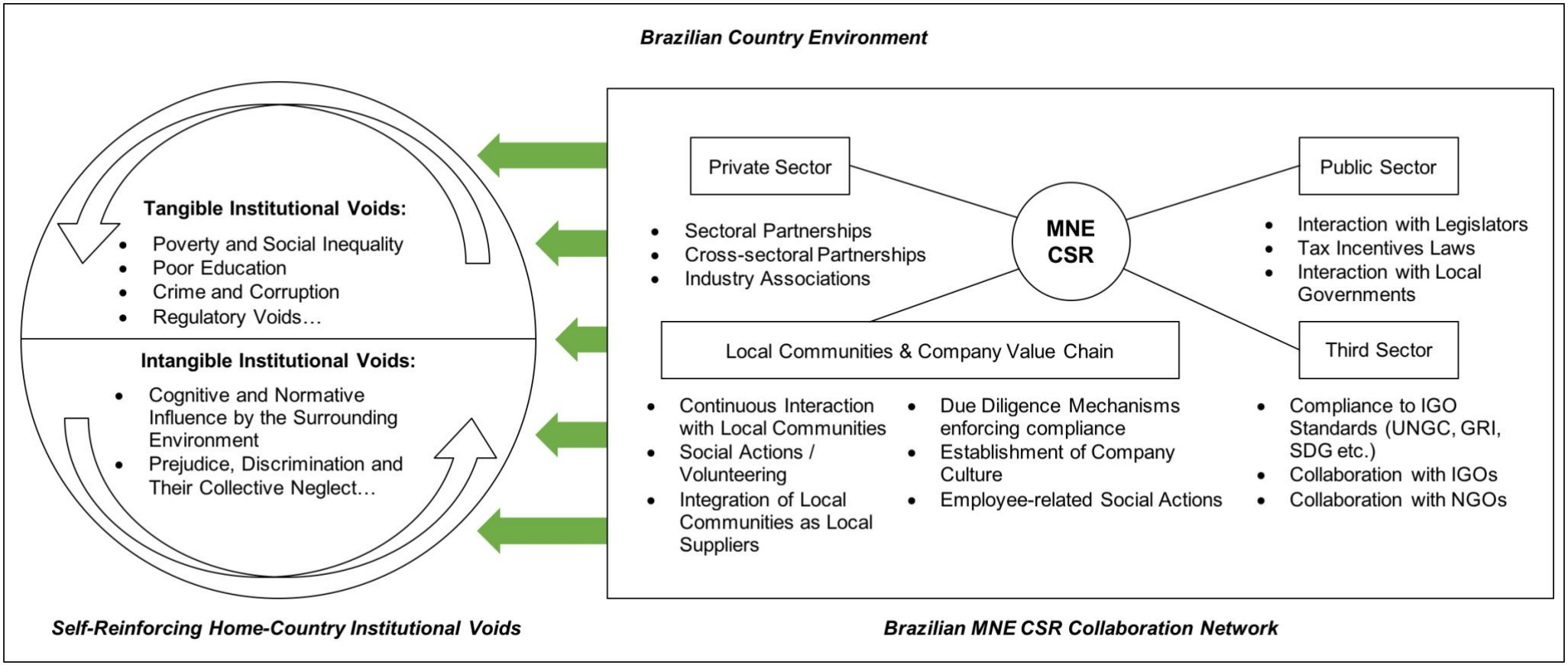

Figure 9: Framework of MNE-Induced CSR-Related institutional Change in Brazil

As the posed research question attempts to disentangle *how* MNE CSR actions can affect formal and informal institutional change, the question of *which* CSR actions MNEs adopt is secondary to the research interest and therefore will be elaborated only if it serves the purpose of discovering the topic of institutional change.

From a macro perspective, the mechanism of institutionalization or institutional change is path-dependent, suggesting that current formal and informal institutional constellations are a product of what has been there yesterday. (Dau et al., 2022) In this sense, institutions form in gradual and evolutionary ways in which informal institutions trigger formal codification which fixes norms and cognitions in regulations and laws. The reconciliation efforts of the three main strands of institutionalism discussed and presented in section 2.1.4 and 2.1.5 collect the logics of organizational institutionalism, rational choice institutionalism and historic institutionalism and proposes a joint set of forces that drive institutional change: diffusion based on learning (e.g., through bricolage, translation), coercive, normative and mimetic processes.

4.6.1 Company Culture and MNE Employees as Drivers of Institutional Change

CSR serves the purpose of company agency through signaling goodwill to stakeholders and shareholders with the ultimate goal of achieving and maintaining sought after legitimacy. (Su et al., 2016; Campbell, 2007) Besides of the immediate external action's companies need to undertake, internal processes and the organizational structure need to be a fit with what is presented to the outside world, since a mismatch between social and environmental actions and internal values might impose great reputational costs and thus represent a great threat to company reputation or legitimacy. (Tashman et al., 2019) With the assumption or precondition that external actions must be consistent with what companies aim to cultivate within its organization, CSR can be interpreted as an attempt of a company culture to extend itself beyond company boundaries. Thus, imposing and spreading actions that do embody institutionalization. However, being considered an expression of institutionalization CSR actions do by far not always imply institutional change due to their oftentimes punctuated and unsustainable nature of impact. Institutional change rather refers to a longer-lasting force that is able to exert a gradual, continuous and evolutionary effect on either established formal or informal institutions.

As company cultures must ensure institutionalization of its workforce to secure the consistency of outside representation and internal matters, company employees undergo a corporate ‘round of socialization’ through employee-related CSR that as reported by many interview participants has had a significant personal impact on their own cognitions and behaviors, transforming what can be considered as company agenda into personal virtues and values. Equally, the company employee outside of the working space fulfills a role of representation being the companies ‘voice in society’.
Although it could be argued that employees who occupy CSR-related positions are more exposed to these effects of ‘socialization’ by company cultures which might be true, however numerous reports also indicate that behaviors deviating from company’s codes of conduct in and outside the organization are not tolerated and often penalized, suggesting all-encompassing compliance to company standards at the very least:

Y: “So, for example we had some, I cannot talk directly about the cases, but we have cases that some people are discriminating other people outside the company. In their personal lives. This got into a social media. Someone made a complaint and the person was fired. So, because of something that this person did outside the company, and this is also related to corruption. So, there are cases that, well, someone is getting some money with some dirty stuff in this city. If there is a complaint, if someone sees something about it, of course there is an investigation, a very serious one. It has levels. So, it depends on the gravity of the case, but this person, these kinds of people, they are fired, there is no doubt about it.”

Perhaps, also employees from more CSR active companies display according behaviors to a greater extent than those who work in less visible, CSR-intensive companies. Also, in reverse, more CSR-intensive companies must attract suitable employees through employer branding which in turn is fostered by employees through their outside representation. However, these questions deserve their own attention in separate research projects.

Here, regardless of the degrees to which employees are affected by their company cultures, there seemed to be consensus that those who work at companies inevitably are affected by company values. Once employees leave their workplace, they bring these values outside of the company to their families and immediate surroundings, friends,

relatives etc. influencing others through their own changed behaviors and thoughts, advocating for the newly established convictions, which possibly contradict the established informal institutions.

Even if those impacts appear to be insignificant at an individual level, the sum of all Brazilian MNE employees 'socialized' by strong company cultures might have a multiplying effect on broader parts of society outside of the workplace. Thus, blurring the line between company employee and member of society, multiplying own adopted institutionalization by an unknown factor resulting in a sum affecting individuals from the network of each single employee:

L: "But once we are talking this [impact on ordinary peoples thinking and behavior] inside our company, we have like 100,000 employees. So, it's like 100,000 families. And we, if we get our employees, all those 100,000 to understand this, that the human rights matters are relevant. I think this dialog we'll continue in their homes with their families. When we are talking about diversity and inclusion and non-discrimination with our employees, I think they can bring this, this dialogue to their families, to their homes. And we start to, engage them in this conversation. You know?"

Y: "So, it's very nice when you work with the CSR actions because you see people observing that to their own lives in a way that they want to do this also in their homes, in their neighborhoods, with their friends, they want to talk about it. And that's the main goal."

Therefore, as soon as the employee leaves the workplace, he becomes an agent and advocate of the institutionalized environment to which he has accustomed, adapted and synchronized causing further diffusion based on learning through communication. In this sense employee-related CSR actions can also be considered as indirect social actions. Although company employees are wider parts of society they spend a substantial part of their time in a more institutionalized environment than fellow citizens who don't happen to work at large organizations. The varying degrees of institutionalization within Brazil therewith at some point confront each other, leading to further institutionalization.

Furthermore, employer branding has been claimed to be a strong normative force, since it also represents a means of attracting people who hold values similar to company values. It refers to the creation of a favorable company image among stakeholders by all

available means and therefore represents both an institutional pressure to comply with expected company behaviors but also represents reinforcement of own institutionalization through external communication, social actions and attraction of new employees. Brands with good reputation are powerful agents capable of communicating values, since they are widely recognized and trusted by the population and therefore need to maintain their reputation at all costs.

Interviewees have repeatedly stressed the importance of employees as drivers of institutional change when asked whether CSR conducted by a given company plays a role in shaping collective thinking and behavior of Brazilian people.
Therefore, this section claims that company employees become agents of institutionalization through synchronization of individual and company values, which in turn are carried outside the company boundaries affecting other people's cognitions and ultimately shaping existing informal institutional constellations.

4.6.2 MNEs as Institutional Islands / Jeitinho in Companies?

MNEs can be thought of as institutional islands within the greater institutional environments it operates in. The phenomenon of jeitinho brasileiro is valuable to exemplify how MNEs distance themselves from practices that are detrimental to what is required by institutionalization. Accordingly, due to MNE standardization and bureaucratization there is no space for misconduct, so MNEs formally do not tolerate expressions as presented in 4.5.
When asked about the role of jeitinho in business, it is repeatedly stressed that jeitinho - although a way of being within Brazilian society - is not characteristic of companies. Departing from the negative connotation, interviewees report that there is no place for the "bad" jeitinho in MNEs due to external pressures urging for compliance with international standards and monitoring by shareholders and stakeholders. Social Responsibility Manager outlines that jeitinho is not a company phenomenon:

D: "Yes, but jeitinho is a word most specifically for people, not companies, for example, because in companies who have like the bureaucracies, other rules that you have to follow that are other companies looking it … When we talk about for example [company name] [jeitinho] does not exist.

And for example, why I tell this, because as I said, we have rules and things that you have to follow to do the things in the right way. And as we have other companies that are pretty much like looking at what we are doing, we cannot use the jeitinho in companies. And when I talk about companies, I'm talking about all the companies, not only about [company name] …we have much more systems and rules and bureaucracy to follow that we cannot use the jeitinho"

D. indicates that the high degree of institutionalization does not allow to deviate from established company norms, suggesting - as in the previous section - compliance with company standards among its workforce and sanctioning of wrongdoings. Similarly expressed by Social Responsibility Manager A. who claims alternative ways of doing things in companies:

A:" Wow, in my experience wrong way is not a possible way because you have a question about corruption in Brazil that companies need to pay attention. So, some areas like compliance have many rules to control this type of behavior, if I can say that, so it's not a good way to think. Okay. I can say I can do the good thing in a wrong way. It's not a possibility, [Although] can happen, okay. But you have some consequence about it, each of the companies."

The notion of institutional islands of course extends to the topic of enjoying a higher standard of living that is made possible by the company. As claimed before, companies pay a living wage which exceeds the minimum wage by nearly four times of what is established by the government. Furthermore, companies offer training programs and education opportunities, fostering development among its employees.

Although still facing challenges, the domain of diversity and inclusion in companies can be thought of as an institutional island too, since it seems to include minority groups as LGBT people, refugees, black people and people with disabilities to a greater extent than the external environment does. Brazilian MNEs therefore in a sense can be seen as 'safe spaces' where minority groups can enjoy some degree of acceptance for being who they are. Laws as the Brazilian Law on the Inclusion of Persons with Disabilities of course foster inclusion by setting legally binding quotas, however also companies are consistently committed to making their workspaces more diverse by setting quota targets for inclusion.

4.6.3 Integration of Local Communities into MNE Supply Chains

As the disadvantaged part of the population has been strongly emphasized in the institutional voids section, the addressing of poor living conditions is pivotal for institutional change in Brazil. It appears that for many economic conditions need to be satisfied first before being able and willing to devote oneself to any topics that in the face of lack might appear as secondary.

Accordingly, another aspect of institutional change regards the increasing interaction and collaboration with local communities, which besides of receiving strong material support and benefitting from various types of trainings and educational programs now are being increasingly embedded by companies as suppliers of raw materials.

This has several implications for institutional change: firstly, the technical side of job creation and training must have a transformational effect through the increased living conditions that employment brings to local people considering the frequent absence of alternatives. Secondly, similar to MNE employee's, rural areas become exposed to company cultures through joint collaboration and communication, which to some degree may transmit and imprint certain norms and values among locals who in another scenario likely would not have experienced any comparable exposure.

Third, collaboration with local communities enables a certain visibility for the given geographical area due to the constant MNE presence. Such visibility deters companies that engage in illegal deforestation or slave labor in these areas and might possibly attract other organizations that in turn will be willing to foster the development of the area.

In terms of institutional isolation as proposed in section 4.5.6, the institutionalized force of MNEs invades poorly institutionalized areas causing their further institutionalization through learning effects, normative and mimetic pressures.

4.6.4 Affirmative Actions, Increase of Public Awareness & Public Discourse

MNEs carry a great normative stance that appears to be shared among the largest companies of Brazil. This is particularly valuable in politically unstable country environments subject to immediate and sharp changes in political agenda. In this way, companies declare an institutional immunity against external forces and jointly resist the backwards development in some key areas. An illustration of this normative power can

be found in the collective commitment of 118 Brazilian MNEs and NGOs that have signed an open letter to the presidential candidates, declaring their commitment to human and LGBT rights regardless of the election outcomes and upcoming political agendas. In this way, companies and NGOs counterbalance political instabilities with a uniform agenda aiming to maintain and promote standards of inclusion and therewith positively impacting its joint workforce of about half a million of people employed by the signatory companies.

Affirmative actions of that kind of course extend the scope of making commitments to presidential candidates. Companies engage in multi-level public events to spread awareness on vulnerable and controversial topics in urgent need of attention and public discourse. For instance, as part of its target to achieve zero-deforestation by 2025, a large Brazilian cosmetics company has launched a portal where it tracks the current state of deforestation in Brazil, providing real-time data and accumulating accessible information about the biodiversity of the Amazon. An aim is to make the portal more accessible to the public to increase awareness and initiate dialogue.
Although such actions might appear as insignificant or of little impact for institutional change, however the importance of public discourse is not to be underestimated in an environment that oftentimes refuses to acknowledge the existence of issues in the first place. As Diversity & Inclusion Manager repeatedly claimed:

Y: “Sometimes you have someone that doesn't want to hear in the beginning. So that's why you have to keep talking. That's why you have to say, this is what we are. So “hey everyone, see this, read this. And this is where we have to be” … Because one thing is to do, you have to do stuff. The other thing is to talk about it and to contaminate people in a positive way.”

A constant confrontation with uncomfortable topics is therefore crucial for further cognitive and normative transformation. Here the institutional change comes from companies social and environmental CSR actions directly as well as indirectly through employees, who act as agents of institutional change. Or if to recall the example of the young men in the favela that were exposed to ‘what could be’ as opposed to the alternatives they believed to have. Public discourse not only is important in addressing neglect about certain issues, but also to simply inform people and increase their awareness about topics that they previously have been unconscious of.

5. Conclusions

The aim of this research was to investigate the role of Brazilian MNE CSR actions on the formal and informal institutional environment of Brazil. The need to investigate the context of Latin America has been numerously claimed in recent IB research due to disproportionally little attention given to that geographical area if compared to other emerging country environments such as China and India. (Dau et al., 2022) Furthermore, this study specifically concentrated on home-country MNEs with headquarters in Brazil instead of foreign firms for several reasons: firstly, due to a lack of concentration on EM-MNEs operating in their own domestic environment, most of IB-CSR research conducted on emerging and developing markets usually investigates developed market MNEs in host-countries. (Pisani et al., 2017) Secondly, since domestic MNE are argued to have a particular interest in improving their home-country institutional environment for long-term survival, since most company's business operations are located in Brazil. Thirdly, to isolate for additional issues that are associated with foreignness and country-of-origin effects.

Brazilian MNE from the consumer cyclical and non-cyclical sectors have been targeted to answer the two posed research question of why and how Brazilian MNEs engage in CSR activities and how such CSR engagement affects formal and informal institutional change. The choice of the consumer sectors is justified by historically high CSR engagement relative to other business sectors in Brazil (Lima Crisostomo et al., 2014) underperforming only relative to the financial sector.

Hence, to address the research questions 9 semi-structured interviews with representatives of Brazilian MNEs working in CSR-related areas have been conducted, transcribed and analyzed to gain deeper insights into the especially informal aspects of institutional change. This study adopts the lens of institutional theory and aims to combine the three main institutionalist traditions into one integrated framework presented by recent IB scholarship. (Dau et.al., 2022)

The first question of why Brazilian MNEs engage in CSR activities in the first place is very much in line with theory and CSR research as it indicates to two main reasons: the first is an increasing institutionalization of CSR that causes a rise in stakeholder and shareholder expectation towards firms to engage in actions beyond the core purpose of

profit-making. Large MNEs (usually publicly owned) due to their visibility and accountability towards shareholders are expected to act as agents of social and environmental change, ensuring the wellbeing of their internal and external environments and in doing so gaining legitimacy. Whereas the forces of institutionalization ensure MNE compliance to ever updating standards, non-compliance is sanctioned in various ways that can manifest in the loss of key customers, suppliers, business partners, current or future employees or large fines imposed by the state. Therefore, the MNE adaptation to increasing CSR institutionalization in institutionalist terms is an expression of the logic of appropriateness, or means by which certain goals can be attained.

The second reason regards the more utilitarian logic of instrumentality. Also, consistent with existing literature, theory and evidence, there is a common perception that CFP is linked to CSR activities. Thus, CSR is an indirect means of making a profit through the compliance of what is demanded from the firm. Increasing institutionalization thus makes CSR an inevitable feature of large multinationals in Brazil converging CSR and CFP as claimed in the literature review. Such convergence expresses in increasing adoption of social and environmental dimensions in company reporting. For instance, MNE increasingly adopt methodologies which aim to integrate CSR (or ESG) as a means of company performance. Also, the Brazilian stock exchange has included ESG as a performance unit in a specifically devoted index that excludes companies that underperform in the domain of CSR, making them less appealing to potential investors.

Having outlined the rather trivial reasons of CSR adoption, the findings regarding of how Brazilian MNEs engage in CSR where slightly more unexpected. The results emphasize the importance of collaboration with all imaginable actors that constitute the country environment and beyond: the public sector, private sector, third sector, local communities as well as the company value chain as extensively discussed in section 4.3.

The important takeaways however posit that collaboration is a precondition for most of CSR actions undertaken where social and environmental actions consistently show to have a greater impact if addressed jointly. Also, company cultures are strong normative forces designed to embrace the nature of institutionalized norms and values in organizations, which include CSR-related inclusive and non-discriminatory working environments, business ethics, due diligence, social actions and sustainable approaches to the natural environment and production. Learning the ways in which CSR actions are undertaken was crucial in understanding further MNE CSR-induced institutional change,

or the main question of the research project of how Brazilian MNEs do affect formal and informal institutional change.

Throughout the research it is claimed that institutional change is to be found at the intersection between institutional voids and CSR actions. Since institutional voids represent great challenges that hamper further development and impede institutionalization, such tangible and intangible voids are argued to reinforce themselves maintaining the status-quo. Company cultures and CSR actions on the other hand have the potential to remedy and address the self-reinforcing cycle of institutional voids, positively impacting institutions and thereby influencing institutional change.

An attempt to contribute to institutional theory was also made by -contrary to the tacit assumption of an all-encompassing institutionalization- claiming varying degrees of institutionalization within one country environment, suggesting areas of institutional isolation – such which are not receptive of institutionalization- and on the other extreme institutional islands, or areas which enjoy superior institutionalization to the overall country environment, such as MNEs. It is claimed that the interaction or confrontation between those two triggers institutionalization of the institutionally disadvantages areas causing processes of institutional change. Some forms of which, both formal and informal are claimed to include the following aspects:

- MNEs are in constant dialogue with the government and legislators, affecting and pressuring the codification of desired social or environmental milestones. Such efforts are made in collaboration between the private sector through associations of companies that unite their expertise for further consultation with lawmakers. Although the impact exerted by companies often is limited to the specifics of the core business of MNEs, the iterative and interactive approach between the public and the private sectors nevertheless implies MNE-induced advancements in production practices, waste management, processing of raw materials, logistics and many other areas, making the Brazilian MNE an agent of formal institutional change.

- CSR institutionalization being a powerful coercive force also appears to come within the private sector itself, where top CSR engaging MNEs act as role models leading and fostering CSR institutionalization and pressuring other companies to catch-up. Hence, CSR ‘leaders’ lift the overall standards to new highs, increasing stakeholder

expectations and thereby urging other MNEs to adopt new measures. Such efforts include multi-level collaboration on the challenges of deforestation, equality in the workspace or the development of new methodologies that integrate social and environmental impacts in the performance reports. MNEs therefore can foster advancements of CSR institutionalization and thereby accelerate the means by which institutional change progresses within business sectors through mimetic institutional pressures.

- Interview participants have consistently stressed how strongly company environments and cultures impact employees personal thinking and behavior. A case can be made that company cultures exert an isomorphic pressure on its employees, gradually synchronizing individual and organizational values. Such values are claimed to embody the normative agenda of institutionalization, consistent with what the company represents externally also through CSR actions. Thus, employee adoption and maintenance of company standards is expected, fostered through internal 'socialization' and trainings (employee-related CSR actions) and on the other hand ensured by internal compliance mechanisms that sanction misconduct. Since employees are broader parts of society, they in turn carry transformed attitudes and behaviors outside their working environments into their private spaces and relationships with family and friends, affecting and 'institutionalizing' people outside of the organization and therewith acting as agents of institutional change. Since Brazilian MNEs employ a substantial part of the population, those institutionalizing effects have a potential of multiplying and extending to employee's households and inner circles through diffusion based on learning effects.

- MNEs launch programs and events that are directed towards social and environmental causes. These actions are often aimed at increasing public awareness through communication and discourse about imminent issues as social disparity, discrimination, minority rights, unequal access to opportunities, deforestation, pollution etc. Since the issue of neglect and a collective 'downplaying' of existing societal problems has been claimed to be a quite a common feature, these actions besides their tangible material utility have also a tacit value in terms of informal transformation. Constant confrontation and propagation of issues in need of attention

and dialogue might therefore have a slow but gradual effect on collective thinking, in turn affecting informal institutions which shape individual behaviors. The main normative force is exerted through repetition, dialogue, open discourse and affirmative action. Furthermore, in an environment rather marked by political instability due to sharply and rapidly changing political agendas, MNEs do provide a normative stability by advocating for institutionalization and thereby pressuring the public sector for compliance ensuring some degree of de-radicalization.

- Besides of immaterial influence, MNEs heavily support vulnerable parts of Brazil through donations, administrative assistance, investment in education, infrastructure, health, sanitation etc. targeting and emphasizing development in more vulnerable regions as for instance Maranhão and the Amazonas. However, beyond that actively fund local entrepreneurship and engage with local communities, providing them the opportunity to work as suppliers of raw materials. Thereby, fostering human development of those regions, reducing poverty and as well benefitting the natural environment.

6. Limitations and Suggestions for Future Research

This study is limited to what has been discussed in section 4.1. on Reflexive Approaches. Accordingly, the researcher is intertwined in the production of the research outcomes.

In regards to the collected data, interview participants reflect quite an eclectic array of CSR responsibilities, ranging from Diversity & Inclusion to Sustainability Analysts, only allowing for rather general results in this research, which lacks depth regardless of opposing efforts made. This research has concentrated on the consumer cyclical and non-cyclical sectors, relatively active CSR sectors in Brazil. However, it would be interesting to further investigate the influence of the more CSR-active financial sector.

As of the conceptual part of the research, it was a challenge to incorporate the concept of institutional voids and match it with institutional theory. As recent IB scholarship (Doh et al., 2017) provided a framework of responses to institutional voids (Table 2) which at best only poorly related to the research outcomes presented here. Accordingly, the

framework of institutional voids is presented as a construct allowing for MNE reaction to the environment through adaptation to its features, however does not enable firms to be actionable agents that do address the voids themselves instead of adjusting their actions around these voids. In this sense, there seems to be a need to better integrate the concept of institutional voids into institutional theory and especially the domains of informal institutions and institutional change. The improvised attempt to do so here by defining tangible and intangible expressions of institutional voids which do reinforce themselves self-evidently has little value for any further research, however expresses the need for its theoretical integration, as institutional voids are crucial in further advancing the understanding of emerging and developing country environments.

Apart from the institutionalist lens adopted in this research project, the stakeholder dimension has shown to be no less important. As presented in the findings section, MNEs are subject to severe stakeholder pressures to engage in CSR and when doing so, highly depend on stakeholder collaboration networks that do determine the impact, reach and scope of CSR actions. In other words, stakeholders become cause and effect of CSR action. Accordingly, IB-CSR research would greatly benefit from elaborating on the mechanisms of stakeholder pressures in developing and emerging market contexts. As previously suggested, multiple stakeholder demands might be in conflict with each other (as for instance those of owners and investors versus consumers), so that firms are urged to react to and satisfy potentially contradictory demands. In this regard company actions potentially vary across country environments where CSR spending could reveal more about the nature of stakeholder bargaining power. Alternatively, IB-CSR research could investigate the synergies that emerge as a result of CSR collaboration with the private, public and third sectors as well as with independent actors and local communities. As indicated earlier, NGOs for instance are likely to enhance their capabilities in collaboration with MNEs (and vice versa) resulting in more efficient allocation of resources and greater impact. Ultimately, the rather underdeveloped domain of institutional change would also largely benefit from a stakeholder perspective since the nature of such change appears to suggest and require explanations of joint impact of multiple forces instead of punctuated, isolated efforts.

To conclude, further research on emerging and developing markets would also benefit from greater elaboration and attention on informal institutions, since each environment is

unique due to its history, culture, language, customs, traditions, rituals, religion, colonial past etc. informal institutions are pivotal in understanding what constitutes the dramatic country differences. Although Dau et al. (2022) have discouraged to include the dimensions of culture into the conversation of especially cognitive institutions in institutional theory, it appears that there is no getting around it when it comes to understanding country differences even in the IB context. Instead, IB would perhaps largely benefit from collaborations and exchange with entirely different fields such as anthropology, theology, linguistics, communication studies, colonial studies and more related disciplines as sociology, political science and psychology.

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8. Appendix

Interview Questions:

1. Numerous studies […] by Brazilian scholars indicate to a growing trend in CSR adoption among large Brazilian companies. How would you explain the rise of CSR and sustainability practices by large companies in Brazil?

2. How is your company contributing to society? (besides of providing jobs and products)

3. What do you think are the main challenges Brazil and Brazilian society faces today?

4. In your opinion, is your company addressing these challenges in any way? How?

5. Companies have to act within the rules defined by national laws and standards defined by supranational institutions like the UN or ISO (International Organization of Standardization). However, reversely, does the company impact these rule-makers through their CSR practices? And if yes, how?

6. Besides of the immediate benefits of CSR activities, could you think of any long-term effects CSR activities have on society?

7. In your opinion, does CSR conducted by your company play a role in shaping collective thinking and behaviour of Brazilian people? And if yes, how

8. How would you describe Brazilian people?

9. How would you estimate the environmental consciousness of ordinary Brazilians?

10. What is the state of the art in Brazilian society when it comes to the topic of inclusion and diversity? (minorities, LGBT, gender equality masculinity/femininity)

11. Could you tell me about your personal experience on how your CSR/sustainability practices have affected people around you?

12. Why have you chosen to work in the field you are currently working in?

Interview 1

Interview Duration: 54 Minutes
Date: 21.07.2022, 15:00 (MESZ)
Interviewee Position: Corporate Social Responsibility, Human Rights

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Numerous studies [] conducted by Brazilian researchers and scholars and numerous news articles that are reporting a growing trend in CSR adoption among large Brazilian companies. How would you explain the rise of CSR and sustainability practices by large companies in Brazil?

I think it's because… since we have this gap in our legislation here in Brazil, companies must...they realize that they, that they must act like proactively in this matter. So, I think that's why we have this rising observation on the CSR matters because we don't have a government that says 'Hey, this is what we expect companies to do.' So, we must proactively, and we are like, uh, conducting these areas on our own. I guess we are being like pioneers on this matter. And what we are doing, uh, in the company is like, we talk to other companies and we share experiences because we don't have this, like this established... something is established by our government. So, we have to like act proactively in this matter.

Okay. So, you're saying that basically the, the government is not forcing the companies to undertake such action, but why would, would companies then undertake the action if there is no pressure to, to do it? Is it, uh, is it a moral thing more or is it a sense of social obligation? How would you best explain.

I think because we are like, we are a big company, so we, we like export to, to external markets. So, we have like this obligation, even if we don't have it here in here in Brazil, we have like, if I want to export to like, uh, Europe, we must attend some things... some things they expect.
So, we are like acting because we have to… Act in these external markets, you know?

Okay... Okay. I understand. Um, the next question… how is besides of providing jobs and products, how does your… how is your company contributing to society?

Here in [company name] is in where I work. We like we have this, uh, sorry. I, my English is really, really interesting... [laughs] but we act in community, um, in where we operate, um, like developing service in order to understand the perception of the company and about how much the company attends to the human rights team and the visibility as to the prevention and reporting mechanisms that we have. And we, we are

like promoting some, some conversations in the company that we, that we operate, you know, to understand how can we improve the, the society as a whole.

Okay. You. uh, how, how is then the decision making of, of these activities, um, made? Is it, is it coming from the headquarters or is it more of a community thing you would say

Inside the company?

Yes.

You mean?

Yes.

We are actually the CS, the CSR area here in my company. We started it in this year. So we are still defining roles and responsibilities of the human rights CSR area and for the main management of social risks in inside our operations and in the productions chain, I think it's very hard to…to the [C level?] and to the board of the organization to understand this value of the social aspect, you know, because it's very intangible because it doesn't, uh, it doesn't bring financial results right away, but it's something that we must show them. So, the, the board of the organization needs to understand that we…
when we are paying, paying attention to the needs of the people involved in our organization. We'll invariably bring financial results at the end of the day, because we will be making a positive impact on our entire operations. So, I think risks to people represent risks to the business, but I think we have to like sell this idea to the board every day, you know?

I see. So, it's, it's always a sort of a conflict of interest. The shareholders wanting to, uh maximize short term profits. And, and you claiming that yes, CSR doesn't give you short term benefits, but in the long run, the company might, might profit from it.

Yes, exactly. We, we need to address not only the shareholders intentions, but all of our stakeholders, you know?

Okay. Uh, Um, the next question is regarding the, uh, Brazilian country environment. What do you think are the main challenges, Brazil and Brazilian society faces today?

I think because we have this broad, uh, region, you know, Brazil is very, has a vast territory and we have different cultures and the, uh, diversity of things happening here in Brazil.
So, uh, we have… We, as a company, we are present in all regions of Brazil. So, we have to observe the diverse realities in which we operate. So, we have regions where, where we have indigenous employees and we need to understand how these people can feel included in the organization we've done for getting their culture.
We have, like, in some factories we have like a large concentration of refugee employees, mainly coming from Haiti and Venezuela, for which we must implement specific action plans. So, I think for Brazil, the difficult is we have like a large territory and we have like this diversity of east shows happening in all regions, you know...

So, the problems that, that Brazilian society faces are really dependent very much on the regions, where you look at specifically, right?

Yes. I think as a company, of course we can have like, uh, so last year we publish our human rights policy, but. we understood this to be only the formalization of our commitment to address human rights related needs within our operations and throughout our team. But we, we sense that, uh, the onsite social diagnosis in our operation units works best because we can see and talk to them and understand for this there's a specific location of which are the main and the salient human rights issues.

Okay, I see. But in general, um, what would you say in general for, for the whole of the Brazil country, what would you say from your feeling that is the main problem or what is an urgent issue that maybe is, um, sort of present in, in any area of, uh, of Brazilian societies, regardless of the region?

I think because we have the, we have to embrace all these cultures that we have here in Brazil, and it's very difficult to address them. And, but the, in general, I think we, we have this, how can I put it the... the, about the living wages, you know, mm-hmm we had. This the minimum, I forgot the word….

Minimum wage, minimum wage problems perhaps, or, or a big disparity between, uh, rich and poor?

Disparity. That that's the word. [laughs]

All right. Not, not a good one in this context, but, okay. Okay. And, uh, a follow up question in your opinion, is your company addressing this challenge in any way? The disparity Challenge?

I'm sorry, I didn't understand.

Um, in your opinion, is your company addressing this challenge in any way?

The disparity?

Yes.

We have like this, we tend to address this… We set a minimum wage and it's based on our studies that we perform here with other companies and we like tend to establish a minimum and it's, above the, the minimum that the government established. So, we set this, this minimum because as a, not only a living wage, but …how can I put it one that, that our employees can have a good, good life. And they can access like culture and other things. Not only the basic living. Okay.

Not only surviving, but sort of decently, decently having, uh, uh, a good wage to, you know, enjoy the… okay.

Yes.

Um, in the following question, I would like to get more specific about the institutional side. I would like to explore the relationship between company philanthropy and formal institutions as for example, legislators and rule makers in general.
So, it is, it is clear that companies in general have to act within a framework defined by national legislative bodies and supranational institutions like the United nations and so on. So, they, they have to comply and adopt to certain standards for action.
however, reversely, uh, does the company impact rule-makers through their CSR practices in some way? And if yes, how?

If, uh, we are. Like I said, like, we are acting proactive in this, in here in Brazil, we use, as you said, the United nation guiding principles to guide our social responsibility actions. And they say that the corporate social responsibility exists, even if there's a, like a loophole in legislation.
So, when I, when I say that we are acting proactive in this, in this scenario, we are like, I think we're promoting changes just by being proactive, you know, and we're talking to the, we're talking to the government and we're expecting them to guide us, you know. Being proactive in this matter, we believe that the government should provide clear references to companies on what is expected of their performance regarding human rights in our operations. So, we are constantly talking to the government on, on this matter and we're like expecting something from, from them.

It's like, okay, we're, we're, uh, and complying with the UN guiding principles, but we must know how, how extent, how what's the extent of our responsibility, you know?

Mm-hmm, okay. Um, so you, you act in proactively in regards to the government, would you also say that, that you provoke legislation or you, you, um, sort of trigger new legislation forming in the country as well?

Yes, this year, actually we have this, how can I say… it's a law. The government is starting to create a lot of human rights and, and companies, and, but…it's starting to be rated. And we have like this participation, you know, role in this matter. So, we have like a group of people, group of study that can talk to the government on our behalf. And we are like sending them our ideas on how this law should be written.

Could you tell me more about it? So, it's more like a corporate representative sits together with government actors and they sort of shape it together?

Yes. We have this association of the food industry and they represent us to the government and we talk to them and we say, Hey, we think this law should cover this, this and that. And the responsibility of the companies should go as far as this and that. And they talk to the government and it's been built because the first draft of this law was like, oh, the company has all the responsibility in its operations and throughout the value chain, but it doesn't, it didn't provide the companies like the support and the guide and, and it didn't establish like this is what the government expects for companies to address.
And in this draft, it didn't have this, how can I put it? The ground that we should act. So it was like very, you know, we, the government are like, we put all the responsibility in, into companies, you know? **(Okay. I see.)** And that's something we address. Like, it can't work. You can't, you can’t put all this responsibility on companies without telling us [the companies] how to, what you expect from us.

[follow-up question] But why would the, why would the government, uh, formalize these laws if they see that companies are abiding to, to these principles anyways?

I don't think all companies, you know, I'm really talking from my point of view, but I know it's really few companies [abiding to these principles] because as I said. Mainly we're doing this because we want to entry new markets. But mostly the companies here in Brazil that act regionally, they don't have this. Like you said, they don't have this pressure to make this work. What we are doing like this as a big company, we have our supply chain and we have suppliers. And we talk to them. If you don't comply with this human rights code of conduct that we have, we won't be your client anymore. So, we have to, to comply. We have this...

Exactly. I have. Sorry for interrupting. I have read this. (L: It's okay) **I have, I've read this paper of yours that, um, I think it's a sustainability report, which has said that all of the partners that do not manage to comply with these standards, they sort of, um, stop the relationship...**

Yes, we have this business partner code of conduct and they, it has all of our human rights policy guidelines. So, it has our salient human rights issues, like discrimination and fair wages and forced child and slave laborers and working hours, freedom of association and freedom of expression, health and safety.
So, all of our stakeholders and our suppliers must sign this code of conduct and they must compromise on these matters, you know?

Okay. I see. Thank you. Um, it will bring me to the next question of, um, besides of the immediate benefits, uh, of CSR activities. Could you think of any long-term effects CSR activities have on society?

Can you repeat this? The last part

Besides of the immediate benefits of CSR activities, um, like for example, food donations or immediate engagement in community matters. And so on. Could you think of any long-term effects CSR activities have on society?

I think we are, once we are talking. Like we are a company, we are in the food industry. So, we work with people, for people, for the community. We have everything that we do here impacts the community in some sort of way. And once we are talking to our… we have this…
We have CSR in our company DNA and we talk about it and we, we bring it to our employees and to our supply chain. Eventually we all will be disseminating I guess this idea, you know, through the community, I don't think if I covered your question...

Mm-hmm. Uh, I was, I'm more interested sort of in, how do you think it does affect, um, sort of ordinary people's thinking and, and behavior.
Do you think, um, you have an impact on, on the way people see the world or on the way people behave in the long run?

I think, yes. I think we could, we could be doing more for this to happen. But once we are talking this inside our company, we have like 100,000 employees. So, it's like 100,000 families. And we, if we get our employees, all those 100,000 to understand this, that the human rights matters are relevant. I think the, the, this dialog. We'll continue in their homes with their families. When we are talking about like diversity and inclusion and non-discrimination with our employees, I think they can bring this, this dialect to

their families, to their homes. And we start to, engage them in this conversation. You know?

I see. [clarifying] So basically through being part of the company, you already spread, spread out sort of the message and the ideas

Yes, we promote this trainings and communications with our employees on these matters. And I think it's really, it's great to see that the culture is changing because we're talking to them and we are addressing their issues.

You know, have you, have you also got education programs that you provide, say to people or to communities to, um, to alleviate sort of the standards. because as far as I'm concerned, there is a certain, uh, education problem as well in Brazil. Uh, does the company provide some training or some education for the peoples in rural areas?

Yes, we have here in the company, we have this Institute for that, that is looking mainly to the community. So, we have this budget for the community, in which we sponsor some programs and some educational programs. And we, we go to the community and we like act in donations and we act like. In the communities that we operate, we go on site and we see, which are the, the main issues in that community. Like last year we opened, a factory here in Rio de Janeiro and it's really like… it's a really hard region because it has a large influence of track [?], you know... And of, I, I dunno how to... (**Of drugs?)** … put it…
Yes. And we have like to talk to dealers and to understand, Hey, we are entering this community and I know you have a power of voice. So how can you... how can we make this like, uh, easier for, for both of us, we are going to operate here in your region, in your location. So, what are your main issues?
And I know we have like, to talk to these people to understand their realities. And we talk to the community that we are going to install our factory and we sit with them and we like 'Hey, we understand that, that this region specifically has this drug dealing problem. And how can we as a company, since we're going to explore this location for our factory, how can we help you?'
We can help donating to the public school, or can we talk to the government of this specific location to improve some health matters or the, um, the water, the water situation of the, this location. So, we literally sit it with the community and we talked to them and they return to us the salient matters.
Of course, it was one of the, the things that we've done. And we, of course we can do it like in all regions, but we are like trying to, we understood that this onsite going and go and talk face to face to people with the best way to address their issues, you know

That's interesting. [clarifying] Um, I'm wondering you, you said, you mentioned you, you're talking to the dealers. I'm assuming that these dealers are sort of holding the territories or could you tell me a bit more about it? How, how can I imagine that?

Yes, because they have like this large power voice, you know, they, it's not like they domain [dominate?] the, the, I don't know how to put this, but they play a specific role in this community.
And we know we have like, uh, the community is affected by them in, in some, some kind of way. And the government, they sometimes they can't address them. They can't sit and talk, you know, and we, as a company, we had to sit with the community and said 'Hey, we understand that you face this problem of this group of people.'
So, we're not interfering in, in what's they are doing, you know, but how can we talk, what is the things that we, you think as a company can do, and even if it's like helping with donations or helping with some social programs and for the local, uh, school or something like this,

That's interesting. So, would you say that that, um, such well criminal groups, or for instance, maybe corrupt government official or something like this is sometimes in the way of, uh, of the company performing its, uh, social actions or philanthropy in such communities?

[pause]

I think we can, we can manage to, to keep doing our, our work, even though we have the scenario in some regions, it's not like we face it everywhere. It's very specific. But yeah, I don't think it's like, it's stops us, but it's like, we have this barrier, you know, we have to face this in some regions here.

Okay. That's interesting. So, I will move on to the next question. Well, I've sort of already touched upon this. In your opinion, does, CSR conducted by [company x] play a role in shaping collective thinking and behavior of Brazilian people? And if yes, how?

Um, I think my answer would be like, they're similar to the ones I give you before. Like we are trying to implement this with our employees and we hope it, it can shape their, their families and, and, uh, the grounds that we cover when we are like perform some kind of philanthropy and, and when we are like helping some school projects in the community, we act, we…
Carry... it carries our name, you know, when we are like promoting some, uh, like social, uh, projects in the community, we carry our name with it.

Okay. Um, Uh, why, why have you chosen to work in the field of, um, CSR, ESG compliance, et cetera? Why, what was your personal drive?

[laughs]

I think, uh, all people who work with this social area, they like, they believe in something, you know, it's, it's kind of… It's not a utopia. You know, you have to believe that you can somehow change where you, where you are at. Even though, like I said, it's hard for the board to understand or how it's hard to really change the, the company's culture but we have to, as I always said…as I like to say, when I'm talking to the people here in [company x], it's like, we believe in small steps, we believe in baby steps. We have to take it day by day, because even though we're affecting like a small group of people, like I said, we have this group of employees that are refugees. And if you are addressing their issues, we're impacting them in a positive way. And it's like a... it's great to see that we can, that we have this power, you know, to change these people's lives.

And when we are incorporating the diversity here in our company, we're like embracing, we are empowering women. And, and I think it's, it's really great to be part of something like that, of this change. Of course, it's not easy. And we have to like, like you said, we have the shareholders and. And they expect something for us and they expect the financial results, but we also can work with the, the social aspect while, while we're like operating our business, we have to look at our people, you know?

So, you have a, a very visionary, visionary drive, personal drive, let's say. Um, so would, would you, would you say this is your personal mission?

Yes, of course.

Um, you have, you have briefly mentioned refugees, uh, issues, but this is an interesting question, cuz as far as I know, there, there are some issues in Brazil with, um, minorities and I think the, um, black Brazilian community.
Um, and how far is [company x] helping them or contributing them or integrating them into, into, um, well into society more or I don't know, making it easier for them. to overcome this, um, you know, this maybe, uh, discrimination.

Oh yes. We have a lot of stuff. Uh, minorities here in, in Brazil everywhere, but we have this issues, this,how do you say
The salary, it it's different for, for diversity groups and how we are addressing it is like we have this diversity and inclusion area here in [company x] and we are like promoting, uh, trainings and we are promoting the …how can I put it? We're like training the, this minor, minor. I forgot the word. [laughts] We're training these groups, like on a, a

specific like, career roles. So, we are empowering them and we have like this quotas. I don’t know if I can put it like that. with these quotas when we're promoting people. We have to…50% of them must be women. And we have to address them when you're hiring people.
We have some roles, some roles that we like say this is, a role that must be filled for this specific kind of group of people, you know? And we, we promote these trainings with the whole company we have, like, we conduct this, the surveys with our diversity groups and we have to, we do this like round of conversation, actively listening with this groups. We have this with the refugees and the indigenous employees, and we sit with them and we understand what it's, uh, what, what the company could do to make the, their inclusion, like. Like better, you know, in some we have, we are also developing programs to recruit, recruit people with disabilities, to work specifically in our information technology sectors

So, we are promoting an inclusion of this people. So, we have like a lot of groups that we must address their issues. We know we have to embrace the diversity as a whole.

I see. So, the company is sort of a, as a driver of, uh, social change, a driver of, uh, inclusion and diversity. You have mentioned, uh, the quotas for minorities, for women and men. Um, and you've also mentioned empowering women. Is, is that an issue in Brazil? How does, how can I imagine that? Could you tell me a bit more on how, what is the role of, of masculinity and femininity in Brazil and maybe what is the role of the company? Sort of, if there is a problem in balancing this out, let's say...

Yes, it's really, if you, I don’t know how to put this.
Uh, I dunno if I'll be expressing well in English, but we have like the, the diversity it, of course in Brazil, like in the operational level. We have a lot of diversity, but once we are like going up the, the pyramid, we don't have like women on top. We don't have black people on top. We don't have L G B T like, , bisexual people on top. We don't have gay people on top.
So, it's like, how can we promote, how can we make sure that these people can go up this? How can we like promote this trainings for this people on the operational level. Like, Hey, we have a lot of women. We have a lot of black people. We have like a lot of black women people here in the operational level, but how can they access the top of an organization here in Brazil?
I think it's like 1% of board members in all companies in Brazil are women. I guess, it's like one to 3%. It's. Uh, it's ridiculous. **(P: That's not too much)**, but, um,

1% is not too much. I would say you, you see this as a problem in your own company.

Yes [laughs]

Okay. Don't worry. Yeah. I'm not going to forward anything to management [joking]

We have like this. I dunno, if you saw that we have this public compromise that we must have 30% of women. Seal level until 2030 and what is like 30%? you know, it's like still… I dunno, I think we should be a lot more ambitious than that. I think 50% is like… the basic and we sell like, no, we are like 30% till 2030.
And I don't think if I agree with this public declaration, you know, I think we should be aiming much more than that.

How do you see the future in, in the company? How, how do you think it will actually progress and as well, the future sort of in Brazil, maybe in general, if, if there's such a problem in, in the company, I can imagine in society as well, women are sort of, um, discriminated in some ways.

How I, how I see the future. I really don't know [laughing]. I have to believe that once we're talking about it and we are talking to other companies and we are like, Hey, what's working for you. And this has, has been working for me. I see a lot of new companies like startups, like putting women on top and having like a more of diversity level.
But the companies like the, the bigger companies. I think it's still a masculine like field. And I don't know, I think we have to take it day by day and we have to train these women and we have to empower those women and we have to make the board understand that diversity brings a lot to the table.
Not because we are like trying to sell ESG standards, but because it is important because it, it, it really brings, uh, a lot when we have diverse people talking, you know, when we have a diverse board and, and making decisions for the company, we have, like, when it comes top down and we have. Uh, diversity of members, they can represent all the diversity in all the company operation, you know

[Off topic] mm-hmm I see, do you see this as a process that sort of converges, like in, in the sense of Western countries, like the United States, so I don't know countries where this is more evened out or Scandinavia in the sense, do you, do you think this is a, it's a process that should go in, in this converging direction?

Sorry, I don't think I understand your, your question.

Um, whether these social changes in, in the direction of equality and inclusion of minorities, of LGBT, uh, people and so on, whether you think it is a process that that should converge and whether you see other countries as examples of this?

Yes. I think it's like our duty as humans in general. It's like, it's not only here in Brazil that we face this. I, I think it's like worldwide that I don't think like United States or some, some other countries have it all together. You know, we are just still trying to figure how, how to change this culture. That's the, and this field that's been mainly, uh, occupied by mans and white people. How can we change the, how can we begin to change this? I think it's very recent that we started to pay attention to these matters. And we, like, we started to listen to, to diversity kind of groups, and we must sit with them and we must understand 'Hey, what it's like, what's for you should be like, ideal, um, scenario of the company?' And we are trying to, to change this culture for everyone. But I, I don't know. I think it's not, it's not only a, a Brazilian problem. I think it's worthwhile that we must. **(Absolutely)** We see. Like everywhere that it's not being addressed. I don't, uh, I don't know of a country that has it more figured out. But, uh, I think, I think it's, we are all like building this from scratch, you know?

Yes, that's true. Um, as much as it might be a cultural thing, how would you describe, um, ordinary Brazilian people?
How would you, is there any way you could describe, um, people in your country. how, how are Brazilians? I have no idea.

You have no idea [laughs]

I have no idea [laughs]

You should come to Brazil. Yes, it's beautiful. **(P: it must be really)** uh, I dunno, as I said, we have this vast territory, so we have, like, we still have indigenous people. We have living their culture. We have like big cities, like Sao Paulo and Rio de Janeiro and... I don't know how to, how to put it for you, what's like the average Brazilian feel [laughs].

But, yes, I also don't want to kind of get it reduced to clichés, but maybe if I can get your genuine impression because well, you must know.
You must, you must have some associations or some, maybe some words you can throw at me. [laughs]

Uh, I think we are like, yeah, it it's really hard because you know, people are different in, in every way. And we, of course we have like some people that are looking for the, the things that we, we discussed here today, but. At the same time, we have this, like the, the people that don't care about this, these things. And I dunno, it's really hard. I think it's like, it's like that, like everywhere we don't...

Fair enough.

We, we have this disparity, I guess, of ideals and of values. And of course, we have people here that are driven by this, this change and they, they are like… it's their passion to promote this change here. And we have a lot of people like that that have the sense of changing, but we still have a lot of things that are like, uh, how can I put it? Um, basically the, the government always shows we have, like, it's, it's really hard to, to over overcome this, you know?

Oh, you have, I have just thought about it now, as you said, the government, because you have a quite right president now at the moment, I think. What was his name? Bolsa, Bolsaro?

[laughs] Bolsonaro

Exactly. Could you comment on this or could you, could you tell me what you think on this?

As L. myself? I can, yeah, of course I can speak. I can't speak for the company. **(Of course)** Yes. Yes, of course. so, we were talking like, if we're, if we were like at a bar [laughs] I would tell you like, it is, uh, it's like we went like a few steps back with this government, you know, it's like, it was really, really hard to accept it. And we have like elections this year and we really, really hope this, this scenario can, can change because it was it brought back a lot of wishes that we thought we didn't have to deal with anymore. And we, we perceived that with this, this election, we saw that a lot of Brazilians still are on, on the past and don't wanna change and are like attached to the, this way of living. And so, yeah, we, it, it was really hard for ...when, when it… this movement of far right started here in Brazil. And so, it put on a spotlight on a lot of issues that we thought we had overcome. You know

That's interesting. I I've seen, there's quite a lot of people from the military there. Um, okay, well, uh, it's a bit drifting off the topic, but thank you very much for the insights.
Uh, a few least questions, I would say. Um, could you tell me about your personal experience on how your CSR sustainability social action practices have affected people around you personally?

Um, personally, I think the, the biggest impact occurs when we go like onsite and we have to, uh, and we get to like talk to people. I think that's the biggest impact, you know? So, when we started to develop this onsite social diagnosis in our operation operating unit and like to go on this unit and hold rounds of conversation and active listening.
I think that's when that's when the biggest impact happened. You know, if I have like one, uh, one advice for companies is the basic, the basic works, you know, you only

have to sit with people and we have you, you only have to talk to them and that's how you make, uh, uh, an impact because once you ‘ve listened to what they're expecting. You can like build a, a more assertive like workforce plan, you know, to this people in this matter. It's like we can of course publish like a policy and a few standards and guidelines. But if you don't sit with your employee and if you don't look them in the eye and understand what they're going through, we, we have…it's really hard for them to feel included by a policy. You know…they…you must sit with them and we must understand what it's like for all these different regions that you operate, because it'll be like every time I go on site, I get a different feedback from, from these employees, you know?
So, I think the biggest impact that we are making is like going and talking to people.

Um, you have said, about the impact on the employees, right. Of the employees of [company name] and I, I had the sort of impression that maybe the company is putting, most of its CSR efforts, uh, inwards of the company, you know, concentrating on the employee's wellbeing and so on, uh, in a bigger proportion than on social action sustainability practices. What, what would you say? How could you comment?

Uh, I think we have a lot of action in the community because we have like this Institute that I mentioned for you and it's been going on for like over 10 years and it has its ties on the community, but once we are started to talking about ESG side we noticed that we have like this environmental part very well addressed because of course we have legislation because we are a food company, we're a food industry, so we have to address this legislation on environmental matters. And we have the [inaudible] as well, because we have like, uh, complaints area that is very well structured. But once we go to the ask. And, uh, I sensed that the company didn't feel like the, the ask was like something you needed to address. Cuz it was like, oh, we have like HR talking to people and we have like this, the, the labor laws that that we covered, but I, I think it's not only that. I think, yes, we have the sustainability very well addressed by our environmental team.
And we have the governance by our compliance team and the board. And we have the Institute that looks to the community. But this year we started to take action on the S pillar of ESG. And we started. Uh, looking to our employees. And of course, we want to address the social matters throughout our value chain.
But I think we have a lot of ground to over here and looking to our employees because we have this diversity of, people in this vast territory. Uh, so I think we must take it step by step. You know, I need to first sit with them and address their issues Um, before I can look to our supply chain, of course we can, uh, as we're going, we can like talk to our, to our suppliers and we have this code of conduct for business partner that we we're trying to, to engage them on the human rights matters.
But as like active projects, we have to think on our people first, you know?

Okay. I see, uh, interesting. You have mentioned this Institute. I think employees of [company name] are able to volunteer. I have also read it in an annual report. I believe that you have, uh, more than 40,000 hours of volunteering. Uh, could you tell me a bit more about this Institute and maybe whether you have yourself participated and if yes, maybe you have some experience you can think of.

Yes. Uh, of course, uh, right now I like, like, uh, I'm part of this. The, since I'm responding for the CSR area, I get to talk a lot with the people responsible for the Institute. And it's like, the Institute got a new face since COVID, you know, since COVID we, the, as aspect of. The SG got like a lot of power because, you know, the company said, Hey, we really need to, to help the community.
And we really need to help put our, our employees. So, the Institute got like the, this budget to help institutions here in Brazil. So, we donated to hospitals and we donated to the community. So, the COVID wave like, uh, it's like … it helped to bring the, the spotlight to the social issues. And that's when the, this Institute gained like a lot of force and a lot of power of voice inside of the company, because before this, uh, it was like, oh, it's philanthropy, It's like only volunteering, but no, we gained a lot of power since COVID because the board understood that we must act in the social matters, you know, so, since we got this budget from the board for the, especially for the Institute, we started to address projects more assertively, like we're talking about… waste of food or with the community… we started to make this empowering project for like, how can I put.. the entrepreneurs in the community? I don't think if that's correct. So we started to like, uh, benefit them with our, we use this budget to...

Fund them?

Yes. To fund these projects in the community, of course, uh, food related

Uh, okay. Thank you. And another, I promise I will not continue for any longer. There's just this one thing more. There's a big problem with the Amazonas area in Brazil right now that the forest is getting cut out and sort of, well, the Amazons is considered as the forest of the earth and so on. So, to speak the lung of the earth. How does your, or does your company at all contribute to this or advocate for its preservation in any ways or. Could you comment from that?

We. yes, we, we don't have a lot of action, uh, in this area specifically, but we have like, uh, since last year we implemented like a three traceability of green suppliers.
You know, we have this web tool to verify suppliers in areas of deforestation or overlapping, or if they're present in vulnerable communities, such as indigenous, uh, areas. So, we have. There's two that we can check for our grain suppliers and to make

sure we are not acting in areas of deforestation. And if we are in, of course, we do this, this background check first, once we're engaging in a new business partner.
And if here, and if the company. Uh, is active in one of the areas of deforestation. We don't proceed with the, we

Okay, [interrupting] You cut up of the relations. Yeah. How does it, how does it exactly work? Do you update it, um, weekly or how, because you must always monitor probably the activities of the partner companies? So, you can have a good judgment about their activities, right? So, you, yes. Do you have like a committee that is responsible for this?

Yes to, uh, today it is a responsibility of our compliance team. So, we perform due diligence on our business or critical business partners. So, we have this too, and we, we like. Uh, we conduct this due diligence on our critical business partners.
And if it's like, oh, there's no risk. Then we, we only check this again, like in three years, but it's a high risk, uh, business partner. We conduct this due diligence annually, you know, and if like it has like a higher risk or for the compliance matters or environmental issues or like human rights issues we don't proceed with the, with the negotiations with this business partner.

Okay. I see. Um, okay. That brings me to the end of the interview. Um, it has been a bit more than, uh, the promised 10 questions. But thank you very much. I think, I got a big, great insight into what's going on in Brazil and in your company as well.
Um, this must, to be honest, this was also the first interview. So, I think I will have to reiterate the questions a little bit, cuz um, we were done with the main questions quite soon and then I had to improvise a bit, but um, I'm very grateful that you, you have opened yourself to give the interview. Uh, thank you very much.
…

Interview 2

Interview Duration: 2 Hours 28 Minutes
Date: 24.07.2022, 23:00 (MESZ)
Interviewee Position: Environmental Analyst

[due to limited opportunities to communicate in English, the first section was sent to the interviewee as written questions that he would translate with Google translate and send back written answers via the chatbox]

Numerous studies conducted by Brazilian scholars indicate to a growing trend in CSR adoption among large Brazilian companies. How would you explain the rise of CSR and sustainability practices by large companies in Brazil?

In Brazil, there is a great advance in this theme, as there is a great demand from investors who are more concerned with the well-being of the planet and seek to invest in companies where they have control over environmental, social and economic issues.

In large companies like the one I work in the food sector, a sustainability booklet is made available every year, where investors have access and where the results are shown on the issue of water consumption, reduction of greenhouse gas emissions and reduction in garbage production.

In many projects in Brazil, in order for it to be built, an impact study is carried out in the neighborhood. In some cases, people need to be relocated from their home and destined for other places so that the enterprise can be built. Or, in the case of hydrographic basins, the treated industrial liquid effluents have their final destination carried out in rivers and streams, but of course, within the environmentally accepted standards. And in a way communities are impacted by these changes.

How is your company contributing to society? (besides of providing jobs and products)

My company makes a sustainable contribution to the environment. All of our generated effluent is destined for pastures and we do not discharge effluents into rivers and lakes. We control atmospheric and odor emissions and are constantly audited.

So, you're saying that you do not do any harm, but how does your company actually contribute to society? What does it do to improve the lives of the people?

I work for the largest animal protein production company in the world. We are always working to improve the quality of life of our employees by offering a good quality product

and passing on good values to employees such as humility, simplicity and passion for what we do.

What do you think are the main challenges Brazil and Brazilian society faces today?

To combine sustainable development with improvement in people's quality of life.

I think the question was slightly misunderstood. What do you think are the main problems that ordinary Brazilians have?

R: In some regions of Brazil there is unemployment and people do not have the income to support themselves and provide for their families. The issue of social inequality is huge and people have difficulty accessing quality basic education so that they can thrive and have a better quality of life.

[follow up question] In your opinion, is your company addressing these challenges in any way? How?

[misunderstood question] Yes, numerous challenges. The international market fluctuates with difficulties that we have to export our products, such as exporting to China. And this affects our community because we have to reduce our staff and another time increase the staff due to fluctuations in the international food market.

Do you have to reduce your staff because of fewer income that the company makes?

Yes

If we come back to the forth question, could you tell me how [company name] is helping in addressing these problems?

Placing enough product in the domestic market

Ok, but besides of providing its product. How does the company handle unemployment, social inequality and low education? I am particularly interested in the domain of corporate social responsibility (social action, sustainable practices etc.)

We have in our company the so-called: "Green Offices" that help small cattle producers to be able to enter the market and sell their goods to us. The objective is to reach the small ones so that they can enter the market for the sale of better and more assertive

cattle. social part, at least in mine, we have an agreement with the local city hall where we donate groceries and at the height of the pandemic we make resources available to the most careful people in the city to recover their health.

In the following questions I would like to explore Corporate Social Responsibility as a vehicle for institutional change. Let's start with the regulatory environment as for example legislators and rule makers in general. It is clear that companies in general have to act within the framework defined by national legislative bodies and supranational institutions like the UN or ISO (International Organization of Standardization) which set a certain standard for action. However, reversely, does the company impact rule-makers through their CSR practices? And if yes, how?

The companies that impact are immediately sanctioned by the supervisory bodies that make frequent visits to the enterprises. If any action is in disagreement with the environment, companies are fined or in extreme cases their activities are interrupted indefinitely.

Wow, ok I understand. But my question was whether companies affect rule-makers also through their CSR activities? In other words, do rule-makers also adapt or change because companies are engaging in these CSR activities?

It depends on state policy. Today in Brazil, with the current government, environmental laws have been somewhat weakened so that potentially polluting companies have more to exploit natural resources. some environmental codes were changed to give more flexibility to actions that impact the environment.

Besides of the immediate benefits of CSR activities, could you think of any long-term effects CSR activities have on society?

Yes, it improves people's quality of life and has a fairer and more egalitarian production in the long term.

Could you elaborate?

Reduction of environmental impacts having a cleaner production on natural resources. And prepare a more critical society about the environmental issue

[once I found out that the interviewees Spanish is better than his English, we continued our conversation orally in Spanish. Although we could understand each other to a certain degree, Rs Spanish turned out to be mixed strongly with

Portuguese, which made it nearly impossible to comprehend when listening to the recording. So, it was decided not to transcribe the spoken part]

Interview 3

Interview Duration: 2 Hours 6 Minutes
Date: 26.07.2022, 23:00 (MESZ)
Interviewee Position: Diversity and Inclusion Consultant

How would you explain the rise of CSR and sustainability practices by large companies in Brazil?

Practices by, by large companies in Brazil?

Well, sustainability is great, great, great, great issue. We have to address in the companies. I we have been discussing sustainability among politicians and governments since some time, but I think companies started to talk about it later.

So, I, I see the, the way I. The thing right now is that we are going, we are coming from a scenario where companies didn't think this was important. Mm-hmm, didn't think this was something that they should care about. They were just thinking, okay, I pay my taxes and that's okay. Mm-hmm so I do not have to do something more about it.

So, so we are coming from this and going to a scenario where companies are really understanding the potential of aiding the whole world and the society when we make investments in sustainability. So, for example the, the, the world ESG that we have its growing in the market. So, day by day, we see this world.

Pops out from every article and everywhere in LinkedIn and newspapers and everything. So, and it's interesting because there was a time also that companies thought, okay we are going to invest in this kind of stuff. And but only if this is giving us some financial return. And now what I see, especially here, where I work is that this is also developing because not always our actions are related to financial impact for the company.

For example, here in [company name], it's very common to see social support to people living in poverty. Where we have meals and offices and distribution centers in Brazil. So, this is become, this is becoming more and more common here for our company. So, and I think that's, that's the path.

That's the way, you know this, we are seeing a lot of weather changes and thematic impact and all over the world. And I think companies are really realizing that it's not only the government. It's not only the people because this is also something interesting. Mm-hmm, For the past few years it was very common to see some ads and some materials talking about, Hey, you human, you have to be sustainable.

You have to you, you do not ha… it's not interesting if you waste water at your house, it's not interesting if you pollute, if you put trash away in the streets.

So, there's some kind of propaganda going on as well.

Yes, exactly.

And this is, of course we as human beings and we as consumers, we have an.

but when you check the, the, the statistics, the bigger mm-hmm the biggest impacts are on companies. So, companies, they consume a lot of water, they consume a lot of energy, they consume a lot of everything. Okay. So okay. I do believe that citizens have to do their part and they in one way or another, when a citizen is conscious about the importance of sustainability he is also, he or she is also the consumer of a company.

And if the company is not sustainable, of course, there is an impact here on the consumer of the citizens. But anyway, I think also when we, we look to the direct impact of companies it's already given we have to do something it's not only government, it's not only the people. Companies also are a part of society and also, they have to contribute so we can lower their missions so we can save the planet.

So, I think it's, it's a cultural process and that's why it's not that fast. And that's why we need to start right now. We are already late. So, I for just to finish my, my company, again, it's easy to give examples from my company because I, I work there. So [company name] had some sustainability goals for 2013.

Okay. And no, sorry, 2030. And we changed. The date. So, it's not 2030 anymore. Now it's 2025.

I've seen it.

Yes, exactly.

Yes. I have talked to some of other companies in the sector and they still have the goals until 2030. So, you would say you, you have a competitive advantage?

I see. Yes. Mm-hmm yes. Yes. It's true because I dunno if you have seen some stuff from the, the last climate conference in Scotland. I think it was… so people were talking about 2050, but I, I saw a phrase here in [company name] a lot. They were saying the future is now. So, we have to act now because again, it's a cultural transformation.

We will not do it. In one year, we will not do it in two years. We have to start as soon as possible.

What do you exactly mean by a cultural process or cultural transformation? Because you have said that there is no direct link between profits for shareholders and CSR practices in general, social actions and sustainability actions.
Do you think that this, this is part of the cultural process, this increasing awareness?

Yes. For sure. Yes. For sure. What I said about the direct link is that, well, of course it helps when you have conscious citizens that just want to consume sustainable goods. Of course, this helps, and this will also push the companies to go to that direction.

But look governments, companies, they are made of people. So, if you change their mind, if you change their culture, if you have a sustainable culture inside your company you will also impact the outside. You will also impact the world.

Absolutely, absolutely.

Because we, we had this idea until some years ago that, okay.

There is a Y. [name] that goes in the company to work every day. And there is another Y. that goes out of the office and lives its personal life. This is not this is not suitable anymore. It's the same person. It's the same duty.

[clarifying] I see. So, you say you cannot isolate a person from a company and you cannot isolate an ordinary person, but a company of… a, a, a person from a company is part of society.

And what happens in the company comes outside

Exactly, exactly. Also, if you have someone which is, who has inappropriate behavior outside the, the, the company, the, the same person can have the same behavior inside the company. So, it's the same, it's, it's a human being. So, when you have this change when, when you have the, company's also working for this transformation you, you have the people inside it that are going out to the society all the time and coming to work and going to the, to their homes.

And this is absolutely going through…

So, you are sort of like an educational facility as well, right?

Sort of yes.

A missionary of transforming society…

Okay. Yes, for sure. We, we have a, a phrase here that is something like that. So, I think I will not be able to translate it literally, but “it is only good for us if it’s good to the world.” So that's, that's everything that that's, that's the connection

The second question is sort of a general one besides of providing jobs and products. How is your company contributing to society?

Besides of providing what, sorry,

Besides of providing jobs for people and products and selling products for people.
How, how is it contributing to society in, in your opinion?

Yeah, so is to have goals. So, we have a lot of goals related to sustainability mm-hmm so when you have goals, you have the compromise to make people act in that direction. So apart from jobs, apart from products we have a lot of goals related to, for example to take away the carbon from atmosphere.

This is a goal in Susanna. I, I don't, I don't remember exactly the number, the, the, how many million tons. Of carbon gas. We are going to take from mm-hmm the environment until 2030 or 2025, but we have this goal. We have a goal also to take 2000 and hun… two, 200,000 people from poverty here in Brazil.

That's also something related to an impact in society. We have goals of oh, I forgot about it. I think it was related to ensuring that decrease our consumption of water. So, this is related to have more availability of water. To other processes and villages and people.

I have seen that all of the goals that you have in the company are consistent with the United nations goals of sustainable development and so on. So, they have been the

Yes, for sure.

People goals and, and the planet goals.

Okay. Yes. And also, for example, when we talk about uh, diversity equity and inclusion, I think this is also very, this is also related to an impact that we want to cause in society in a positive way.

So, uh, when we make an application process, mm-hmm, for example, focused on women on black people, on transgender people. This is also making an impact in a society because [company name] is the fourth biggest company in Brazil. So, when someone says a company of this size, wait, whoa, watch out here. We have [company name] asking for diversity, diverse people.

This is, this is out of the box here. So, this has also an impact on providing an increasing equality in Brazil.

Okay. I see. I was about to come to the inclusion and diversity part a little later in the conversation, but I have, I have done a few quotes that I would like to verify with you.

Okay.

But now I would like to talk about the country environment of Brazil. Exactly. So, what, what do you think are the main challenges, Brazil and Brazilian society faces today?

I think the main one is inequality. There is no way of not saying that mm-hmm, it's related to poverty, but it's also related to other kind of stuff.

So of course, education. Anyway, Brazil is a very unequal country in all areas. Mm-hmm. So, when you, when you look to education here, for example we have public schools and we have private schools and private schools are far better than public ones. Sometimes in the public school, you don't have teachers to teach mm-hmm

So sometimes you don't have a bath, a bathroom, sometimes you don't have food. So, this is very bad. And of course, when we look to universities we have the opposite here. So, the public ones are great. and the, the private ones are not that well, mm-hmm you have some, but usually the, the, the, the good ones are the public ones.

Okay. Interesting.

But when you have the, the, the basics of education where the public school is bad, and the private one is good. When these people try to go to the higher education, the, the, the people that studied in the private school, they go to the nice universities, which are

the public ones and the people from the public schools, they go to the private universities

But why would, why would they go to the private university?

So, they were…because there is, there is that are actually, that are programs from the government to help these people to pay for universities for private universities, because what we have also investment in public universities indeed, but there is a program. That exists here in Brazil since many, many years that helps poor people to go to private universities because there is a lot of private universities here too.

So, and of course it's a business.

Yes. So, they want to, they want to maintain the operations.

Yes. Okay. Exactly. So usually they just want to be there and to have unity all over Brazil and to maximize the profit and everything. So, they then, the big ones, the big private universities, they, they have a low [quality] level of teaching.

So, and then when you have this program of government that helps for people to go to universities, usually they go to these private ones,

But what about, so what about the public universities? Are they not for free? Why don't they subsidize people going to public universities then?

Because it's hard to enter the public universities.

You have tests, you have a lot of tests and they are like historically very difficult.

Mm-hmm

And usually when you have a poor person studying in a public school who doesn't have the structure, not only physical structure, but also people to work like for example, teachers, as I said before, and then you have this poor person that this person cannot just study. This person has to work during the day or during the night and has to study during the day or during the night. And then and also probably this person has a family to care about, probably has a son or a daughter. And then in this scenario, it is very challenging that this person actually applies for public university and enters one.

I see

Because these other ones, these private ones, they, yes, they have tests sometimes to enter. But as I said before, they want to maximize profit. They want people to come and to open units and to make the wheel to go around. So, they are not interested in quality. So that's why that's the, the, the, the, the typical way that poor people have here in Brazil and the, the ones who had money to study private school, who had all of the structures and all the means and everything that they needed.

So, they have, and they have usually peaceful lives. They don't, they don't have to work. They don't have to take care of children or family or anyway. Yeah, they have to, they have the so…they can study and they can afford good schools. And so, they can enter public universities.

So, for example, you have this kind of stuff here. This is terrible. I see. When you look, when you look at health in Brazil, it's very similar. It's very similar. You also have public we have a system, a public health system which is called [inaudible] which is exactly what I just said in English.

So, it's a unified public system for health and we have units all over Brazil, but also it, it lack of management, of the money, you know we have the money, but we, this, this money is in the hands of politicians that do not handle it well. So, we have a lot of corruption that does that impact this money to arrive where it has to arrive.

So, this also complicates a lot, but anyway in, in general, you, we have the money, but it's not applied in the right places anyway. So, this is a problem too.

I see. [clarifying] So basically, everybody from the, from the law on would have the, the right to be treated, to have healthcare treatment for free as well.

Right. But it just, isn't organized very well.

It's not organized. It's not efficient. so, and, and rich people, they do not go to public to public health system. They go to the private hospitals, so and of course you'll have a different a different treatment here and it's, it's very good anyway, but we, we have this public system, but it's overwhelmed.

So, you have a lot of people and you do not have enough doctors. You do not have enough hospitals. And then in the end of the day, rich people have access to, to, to health, but poor people, they have to wait sometimes months and weeks and years to, to make surgery, or even to get, I don't know psychological treatment.

Okay.

This is also very bad here in [inaudible] Brazil. So you, and this is I, I gave you the education scenario, the health scenario. These are the most important ones. but you have inequality all over Brazil. It's across cross problem all over the areas.

Okay. So, let's take now maybe education and the health issue, the disparity in the school system and so on, and the inefficiency of the institutions that provide for health. In your opinion, is your company addressing these challenges in any way?

Yes. Education for sure. [company name] has a lot of, has a lot of projects related to education. We have we have a specific team here, for example dedicated to volunteering. Yes. So yeah, so this team they look to all of the places where we are in Brazil and they, they focus of course, in the, the, the, the poorest ones.

So, where people most need. So, they focus on these places and usually they, every year we have several projects that gather these people, especially young ones, which are… who are trying to start a career, who are at this moment that they are in high school and they will decide soon what they were going to do with their lives.

And [company name] makes projects focused on these kinds of people. So, in this kind of young people this is something we also… it's not only related to education of these people, but also related to education of other kinds of workers. So, for example, [company name] supports people that produce bee honey.

And for example, we have I forgot how to say the name of our trees in English, which is a shame. We work with trees. So, paper, ah, I forgot the name in English. But anyway, we have those trees and usually it's a kind of tree that bees can use to produce honey.

So, we, so we support these kinds of people too. We support all kinds of workers around our meals and offices with also not only money, but also with training and other kind of stuff. So, this is also important. And for in the end we have a social development team. which also in another way, looks to the regions where we are… the impact that we are causing.

Of course, we are being the company. We have some [negative] impact in the regions where we are, this is obvious… it's not a shame to say because all companies have [negative] impacts. The, the point is we have to have more positive impact than negative ones. So, this social development team also works for this, this education programs in the cities where we are.

And I just remember another one. We have, [company name] has an Institute called [institute name]. I think there is no translation, but I think it'll be something like that.

[institute name] Institute in Portuguese [institute name in Portuguese]. Okay. So, they have a project also related to spread reading around Brazil.

So, libraries all around Brazil, and also providing books to schools and even sometimes building libraries or buildings, helping to build schools.

That's great.

And some, some stuff like that. Yeah.

Okay. That's some great stuff.

Yes. That's very great. I'm very proud of my company.

That's a good thing to say. All right. So, the next question will be, they will be a bit more about CSR as a vehicle for institutional change. So, I would like to start with a regulatory environment as, for example, legislators and rule makers in general. It is clear that companies have to act within the framework defined by national legislative bodies and supranational institutions like UN or the international organization for standardization, which sets certain standards for action. However, reversely does the company impact rule makers through their CSR practices. And if yes, how

Sorry, Philipp, I didn't understand all the question right now. You used a lot of technical terms. I didn't understand. I'm so sorry.

Okay. Don't worry. The main point is that, you know, the company has to adapt to the rules that are set out by Brazil, by some supranational institutions like the United nations and so on.

But do you think, do you think this is a one-way thing? that it's only coming from their side of what the company has to do or does the company as well help to shape these rules, to make legislation, to formalize laws and so on. Could you tell…?

I see, I see now. I see things.

So, I think they're both. I think they are both, of course we have legislation that we have to follow that's for sure. But in another way, I don't know if, well, I don't know if companies act directly helping with legislation. I'm not quite sure about it, but what I see is, for example, can I give an example about diversity and inclusion?

Of course.

Yes. Yes... So, for example, we have here in Brazil legislation related to people with disabilities. All major companies have to have at least 5% of people with disabilities working for them. Okay. So [company name] is one of them, it is a major company so it also has to follow this legislation. So that's for that's.

Okay. So, we have the legislation already but for example, we do not have any legislation related to transgender people. So, you're not obligated. Let's put it like that, but you're not obligated to hire transgender people or to have at least, I don't know how many percent of transgender people in your company.

There is there is an action that I see here now in Brazil, for example of companies looking at this this part of the, of our population. So transgender people here, for example, in [company name], we are this year making so many, so many actions focused on this public. And we do not have any legislation related to it.

So, it, I I've seen already in the internet that it may be possible that a legislation related to transgender people come in the nearby future. I just saw recently some legislation related to universities. So, I think sometime it will arrive to the companies. But you see what is interesting for me here is that even that companies, which I don't know, but even that they do not act directly with the government or these institutions to create legislation.

But I think the example that companies give when they have problems related to, I don't know transgender people to black people or whatever they also push the Congress. They push the government to make legislation related to it. So, and of course, when we talk about United nations, we work very closely to United nations representatives here in Brazil.

So, we, we, for example, have a partnership with United relations related to women here in Brazil. That's for sure. We also have now another partnership with an Institute for black people too which is connected to UN also, so there, I don't see any direct way right now.

Okay.

Maybe because I don't have the knowledge, but for sure when you have companies moving in a direction, this also helps the governments to have some pressure on, on a legislation about it. Yeah.

I see. It's interesting that you say that because I had previously, I had an interview and the participant said that you know, that the companies are doing much more than is asked from them.

Right. Yes, there's exactly.

There's a huge gap in the legislation in the Brazilian national legislation, let's say, but the company still voluntarily adapt much more than they need to adapt to. How would you explain that?

I think that's something related to all this movement we are seeing, we were talking about, about ESG…about people changing their minds and culture.

So, I think soon we will not have place for companies that do not want to be sustainable that do not want to be diverse. We have every, every year research coming out saying that diversity is important. Diversity is good for your business. Diversity raises your efficiency, raises your profit. Of course, companies. They are companies. They, they need money. They want to have profit and everything. But it's they, they realized that this is…We are not going back. We are not going back to the past, so the future is… we will have this this strong movement to achieve a world more diverse, more just, and I think if we just wait for the governments.

it's not what we want. So, the companies are realizing that if they can do - they will do it, because it's good for them, it's good for the people, it's good for society. So, I think that's very, very clear to us all. So, this movement ESG which is everywhere right now in the big, in the big companies if you are not in this way, you don't have a nice reputation.

True.

So that's also something. Yeah. So soon people will not want to work on companies that not only buy, but not, but also work [not only not consume, but also not provide their labor to the companies].

Absolutely.

They would not want to work. I, for example, I will not want to work in [companies that] don't have, I dunno, a diversity program, sustainable actions. And it, for me doesn't work anymore.

I see. [clarifying/interpreting] So, there's some environmental pressure going on that is making ESG sustainable action as a necessary byproduct of a company besides of making a profit.

Right. And also, it's clear for the companies that this makes them more profitable. So, this is also clear, this is proved…by research.

So, it's in the interest of the company as well. Do you think that…

Yes.

[continuing] You know, that the companies, they adapt these practices that exerts some pressure on national government?

Yes. Yes, I do believe because when it can, when it comes to time, when we, we are starting to realize that, you know, wealth to have [?]

I think the standards will go higher and higher. So, this is something we talk about all the time here and all the time in the market and in all the companies. So, companies want to have more and more efficiency to have people that work in a high level, in high standards. So, companies are always needing more.

So, there's this, and of course, the companies are a very important stakeholder when we look to a country. So, when we look to a country, the voice of a company is a voice that can influence decisions, can influence paths. They can influence a lot of things in the, in the, in the story of the country.

So, I think it's very, very possible that this movement can, yes, and this, all these companies together, they can influence the government in order to help because, you know, of course we can for example, as we were talking, of course we can invest in education. As we, as I said before, about the project for people living around our [inaudible] and offices is, but what would be the ideal world?

The ideal world would be, we do not have to make this investment. The ideal world is education is available for everyone in equal quality. So, if we had this scenario and I think we are going to this scenario, this is the direction I, I, hopefully I believe it. We will be there in some years in, in a foresee foreseeable future.

Yes. Yes. Some, some call it a utopia, but I don't think it's a utopia. I think we will get there. More and more we'll get there. So, in order to have this, this society where you have equal opportunities where you have education in a good quality for everyone,

there is no need that companies do investments in that way anymore. [suggesting that companies are compensating for a lack?]

So now, nowadays we have to, so we have to, it's a, it's an obligation right now. We, if we wanna change the world, if you wanna change, what's going on. If you wanna be more competitive, if we wanna be more sustainable, we have to do our part too. We have to invest nowadays.

Absolutely.

But this investment will arrive will also help us to arrive in this scenario where we have people studying people, having access to transportation and, and healthcare in an eco-way. So yes, yes, for sure. I believe this…

What is the role of government corruption in this, in making it easier or harder for, for the culture to change for such things to develop? What is the role of corruption?

I think the, the main point here is when we talk about belief, so corruption is very, very connected to politician life here in Brazil.

It's something that it's all over the news all the time. People are talking about corruption day by day. So, when you, and as they are all talking about it all the time, and we have new cases on the news all the time, I think this messes up a little bit with people because they think, okay, why should I be doing something right? Why should I be doing something good?
If this is the examples we have, this is what our leaders are. So, and of course for me, this doesn't work, this, this kind of, of thoughts. They, do not have any sense for me, but I am a person that… I study it. I read a lot. I'm very aware of everything.

So, I, to see some news about corruption in the newspaper or whatever, this does not stimulate me to be corrupt in my daily life. But you have to understand that I am a privileged person.

[interpreting] You have to be immune against it, not to be contaminated.

Yes, exactly. But the point is - I have a privilege. I studied in a private school. I studied in a public university. I have this privilege, so I had a nice home and I had a nice family that invested, had money. You know, at time had condition to invest in my education and in my formation as human being as a citizen. So, I have… I am lucky in the end of the day, and I know that I am part of, I don't know, maybe five, 10% of Brazilian population.

So, when you see someone living in a favela, which who, sorry, who has police going, going there all the time and being some assholes…

Right, I have read they're shooting people down in favelas.

Shooting people. And when you have these people saying, okay, my governor, my president is involved in corruption, my, even my counselor or something like that. Since, the small positions are the big ones. When they see that and they see that they do not have health, they do not have education. They, they are living in a crazy place where the state grows only to shoot, grows only to be violent. They think, I think it's very fair that they think…I was going to say a F word, but

No, you can say it. I'll cut it out.

[angrily] Screw, screw the government. You know I need to survive [perspective of corrupt official?]. So, you see corruption and inequality are very connected and that's why corrupt people, they do not want inequality to go away. Because it's a way of keeping the wheel rolling and rolling as it is. Since long time.

So, that's the main role. I think it's messing with people's minds here. They do not care. So why should I care about the public thing about the public stuff? If the politicians which, well, they should be our examples. So, they are our leaders in thesis.

Okay. So, in this environment of strong endemic corruption, how does the company, how does your company do its business? How is it related to it? Or how does it manage to operate in such environment?

So [company name] has a very strong anti-corruption policy. So, this is very clear here.

When we enter the company, we have to fulfill a training related to our anti-corruption policy. So, this is very important. And of course, this is very, very sensitive here in Brazil. The point is I never experienced something suspicious related to that.

And apart from this point that I brought you, that we have this policy and we talk about it. And for example, we are near elections here in Brazil. So, we are already starting to see some communications inside the company saying, Hey, pay attention. We are not supposed to talk about any candidate in the work, we should not make any statements inside the company about this kind of stuff or if you support a politician, a specific candidate.

Okay. That's fine. But do not bring this to the work environment. So, we also have, I need, I, I really need to check this word right now because I, it's not common word that I use in English.

Go ahead.

I think it's ombudsman. It makes sense to you?

Yes

Yes. Ombudsman It's like, it's like a team you have here inside the company that investigates. When you make like how do I say that? Let me see here a complaint. I see. So, you can when you are inside the company, when you are a worker, not only the main workers, but also the third part workers that work for the company.
So, you have access to this channel, which has email, has a telephone. There is a website to which you can make complaints if to you is something suspicious related to all kind of stuff. So, related to diversity. So, for example, if you are an L G B T person and someone was discriminating you, you can make a complaint.

If you see something suspicious related to corruption, you can make a complaint. If you see something suspicious, because I don't know. I don't think that leader is having [in]appropriate behavior. You can make a complaint. So, I really believed in this channel here in [company name] we've seen some very, very nice demonstrations that it works.

So, for example we had some, I cannot talk directly about the cases, but we have cases that some people are discriminating other people outside the company. In their personal lives.
This, this got into a social media. Someone made a complaint and the person was fired.

So, because of something that this person did outside the company, and this is also related to corruption. So, there are cases that, well, someone is getting some money with some dirty stuff in this, in this city. If this, if there is a complaint, if someone sees something about it, of course there is an investigation, a very serious one.

It has levels. So, it depends on the gravity of the case, but this person, these kinds of people, they are fired, there is no doubt about it. I will not be able to comment when we talk about, well, bigger relations, you know, our CEOs and directors, but anyway I really think that we are all the time trying to be transparent.

So, we have these talks. To the high leaders all the time. And we can ask where, what whatever we want. It's anonymous the question. So, for example, there are some cases

where we have this [negative] impact that I was talking to you. Of course, we have [negative] impact in the regions. We are… the thing is we try to lower it down.

So, I've seen already some conversations, some talks when people were asking about sensitive cases to our directors and they answer and they give proof and they have to talk about this kind of stuff. I really believe that here we have a transparent environment where corruption is not welcomed.

So, this is the speech. Of course, we have people that will go not in in a way that the company. That's why these kinds of people are eventually fired.

I see. That's brilliant. Okay. Thank you very much. That was very insightful. The next question…we have kind of touched upon it but still I will, I will ask it for the record. Besides of the immediate benefits of CSR activities. Could you think of any long term effects CSR activities have on society?

Wow. That for me, this is very clear. This is related to what we were talking right now about the ideal society. So, for me, we have to, as I said in the beginning too we have to, start to act now. So, if we want to have this environment, this society that is the closest as possible to this scenario where we have equal opportunities to all kind of people.

So, for example I don't think the main thing when we talk about CSR or ESG, I don't think the main point is short term. I think the main point is always long term. Because, for example, when we say if a company is diverse, it has more profit or I dunno, it's more efficient. I dunno, whatever.

The company will not turn into a diverse company in a short time, in a short space of time. So, it will turn into a diverse company in the long-term space. So, I think this is the point here. When we talk about sustainability. When we talk about all these subjects, it's a wider thing. It's a wider thought that we are building the basis to a better future.

And as we are talking about a change. A very big change in the way we act, in the way we consume, in the way we are, even in the way we are. So, these changes, they come with time, they are slow and of course there are some parts of the journey that you will come backwards.

This is natural in the human development. This is clear for me. So, you go forward and then sometimes you'll come backwards a little bit and then you'll go… Yes, exactly. [reacts to me showing a finance-type upwards chart] That that's it, that's the graphics. And so, but anyway I think when we talk about this subject, it's always related to long term because we are talking about saving the planet.

We are talking about reverse the climate changing. So the, the global warming we are talking about, you know, for example, we have 52% of women in Brazilian society, but we do not have 52% of women. When we look to the work class, we have more men than women working in the formal jobs. So, I do not think that we will change this next week.

I do not think that we will change this in the next year. We have been changing. We are changing, we will change, and we will arrive to this new magical number. I think this kind of number has to be equal to the society proportions. So, if we have 52% of women in Brazilian society, we have to have 52% of women in the working class.

When you check when you go to more specific numbers, this gets worse. So, when you look to the leadership of the companies, it's terrible. It's very, very bad. So, another example… sorry?

[interrupting] Tell me about it. What is the percentage?

Another example. When we look at black people in Brazil, we have 55% of black people in Brazilian society.

When we look to the CEOs of the fifth of the 500 biggest companies in Brazil, only 2% are black people. So, what is that? So, you have a very, very big gap here between the society and between the companies. Of course, when we look to the working class, this number is not that bad. But the thing is when you look to the leadership, the top, which the leadership is the entity making the decisions, they have the power, they have the money.

So, when you look to the leadership, it's a very important thing that we have to look because these are the people that change the world. These are the people that make the decisions, they decide where the company is going, and therefore also they can have direct impact in the society. So, this is when you starting to have a problem.

So, can we can accelerate black people to leadership positions, this all throughout the years will advance and advance and rise and rise, and then we will arrive. In a more diverse leadership and these more diverse leadership will see the scenario in a different way. So, they will not treat the company in the same way the older leadership, the previous leadership was treating. They will not see society in the same way that the current leadership sees. So, this is like, I don't know, this question is very, very good. This question is awesome though. This last one you made. So, the, the impact is gorgeous is it's all about long term, it's all about long term.

I don't think of course- to build long term, you have to day-by-day build short term. Of course, this is, this is for sure. But the point is, if you have a strategy, then it's based in short term actions, you are wrong. When you talk about sustainability's something that is sustainable. Not only talking about environment, not only talking about social aspect, but talking about financial aspect too, to be sustainable is too, you know…I will live forever me as a company, so I will live forever because I will be sustainable when I talk about money, when I talk about social, when I talk about environmental. So, I think that's, that's the main point here. There is no way to look at this subject in the short term because in the short term, if you look with these lenses, you will destroy everything because there is no need to worry about anything if you look to the short term. So that's why it's necessary to look at the long term.

It doesn't work this way anymore…

No, doesn't work. If you want to survive in the market, if you want to be competitive, you have to have a long-term strategy.

Okay, brilliant. You have said that there's a huge diversity problem in relation to women that society consists of 52%, but a lot less is represented in in companies, especially at the leadership positions, as well as black Brazilians, I believe, with only a few percent in the leadership positions.

Now I have this statement of your company. I have it from the website. It's actually here on your background [company background in video conference]. It says, I quote "we recognize the importance of reflecting in our employees, the plurality of our society, and this plurality exists in the form of genders, ethnicities, age groups, sexual orientation, nationalities, beliefs, aesthetic expressions, as well as physical and intellectual disabilities."

Could you comment on that? Does the statement reflect the reality in your corporate day-to-day life and in the composition of the workforce?

Well, yes, it reflects, it is inside our culture to give value to this kind of subject. So, diversity, equality and inclusion. Yes, indeed. We have a challenge because [company name] is not representing exactly the society.

As I said, so I can give you numbers because I have their them on my mind. So, for example, when we look to the, the whole company as I said in the example of women, we have 52% of women in society. We have 20% of women in [company name] in the, all the positions. So, we need to have more women.

When we check black people, it's a little bit different. We have exactly the same percentage of black people as we have in Brazilian society. Okay. So, it's around 55 or 56%. But again, when you look at the leadership, we have only 20% of black people. So, these are public numbers. That's why it's easy for me to talk about it.

So, and women, we have 23% in the leadership, so yes, we have this challenge. We have this issue and this is not a problem right now. We have to admit that we have this problem and the thing is, we are working to get through this. And of course, when you take [company name], it's a company that we are complete 100 years in 2024 [since its foundation].

So, it's a very traditional company. It's not a startup. So, and it's an industrial company. We have industry. And when you look to the society history, the ones working in In mills in this kind of work related to your body and your strength and everything, this is a work that usually men were doing all over our history.

Not only in [company name], not only in Brazil, in the world when you see this kind of stuff. So, if you, if you go to a mill, it's very rare that you find women working there. So, we have to change this. So, but you see, there is a whole history of so many years, hundreds of years since the industrial revolution started and now we want to change it and change in a faster way.

It will not it's not up to us only. To dictate the speed. Of course, we are inside a very complex environment, but anyway, we want to change it as soon as possible. That's why we have the goals to achieve 30% of women and black people in our leadership until 2025. And that's why we have to talk about this kind of stuff all the time.

And that's why we have this kind of statement in our website. Because yes, we are not perfect right now...

Okay. [interpreting] It is a vision?

…this is where we go. It is a vision. It is a vision. It's where we want to be.

I see.

When we talk about culture here in in [company name], we usually use a firm term. It I don't know if there is a specific one in English, but we call it a direction.

…a culture direction. Why we say that? because it's not where we are. It's where, it's where we want to be in the future. So that's the direction. We want to have more

women. We want to have more black people. We will want to have an inclusive environment for L G B T people, for people with disabilities.

And it's, it's a challenge as many others, but in the past, the challenges were only related to profit, to results, to efficiency. Now, the challenges they are wider. So, we have challenges related to environment, challenges related to people. This is also true. So that's why,

and then just one last thing, it's very common that people here even inside [company name], but also outside, they point out the finger and say, Hey, look, [company name] is saying that it gives importance to diversity. But when you see the numbers that [company name] does not have enough women in leadership or whatever, whatever, whatever, but that's the point. As you said, it's vision and we have to keep talking about this because when we talk about the culture of transformation, you will not change people's mind if you do not talk about this over and over again, so sometimes you have complex subjects.

Sometimes you have someone that doesn't want to hear in the beginning. So that's why you have to keep talking. That's why you have to say, this is what we are. So, hey everyone, see this, read this. And this is where we have to be. So that's, that's the, the explanation for this statement and plural is our diversity group.

Great response. Thank you very much. So, if we go back a bit to CSR in general, not only inclusion and diversity, but also social action and sustainability and so on. All of the things you can think of that the company does in relation to society and the environment. In your opinion, does CSR conducted by [company name] play a role in shaping collective thinking and behavior of Brazilian people?

Can you repeat please? I do not think that I got all of it.

Okay. In your opinion, does CSR conducted by [company name] play a role in shaping collective thinking and behavior of Brazilian people?

Ah, in your opinion? I see. Yeah. Yeah. Yeah. In your opinion. Yes, I was, I was thinking about in European, ah, countries or something like that. [acoustic misunderstanding]

I was like, “what” for one second, but yes. Yes, for sure. For sure. Because one thing is to do, you have to do stuff. The other thing is to talk about it and to contaminate in people in a positive way. So, it's very nice when you work with this kind of stuff with the CSR actions because you see people observing that to their own lives.

In which way?

In a way that they want to do this also in their homes, in their neighborhoods, with their friends, they want to talk about it. And that's the main goal. I think when we talk about, when we talk about people working in a company, I think one of the most important things is employer branding.

When you talk, do you know what, what employer branding is?

Well, I can have an idea of what it could mean.

Well, basically it's the reputation of the company. When this company is looking for people to work there. So, for example, I'm looking for a job and I'm checking all the companies that have a job there for me.

And employer branding is like, wow, I want to attract Y. [refers to himself] I want to attract him. So, I will make all this kind of stuff. And I will shape my brand in order to connect with Y. so Y. will want to work here because of this connection. So, basically, when you have this and the most powerful thing, when we talk about employer branding is to have your own workers being your voice in society, outside the company, as we just talked a lot already here today.

So, when you have a worker that goes on volunteer program for the company and then if he, or she feels so good about it there is a purpose there, there is something greater, bigger than everything. And then this person goes home. Again, this person it's changed. You know this person maybe now wants to do this by its own. Maybe now this person will not just wait for the company to come and give a project or a program and then this person will go to other places to do it. I am an example of that. When I saw that [company name] had this again, keeping the volunteering group example when I saw that [company name] had a group for, that had a team to work for to create these programs and projects related to people who needed our operations.

I started to think, and I was like, you know, I want to do this out of work too. I really want to do this. It's very nice. It's very good. It's very meaningful. So, and this is related to everything. This is not just related to volunteering.

Have you done volunteering yourself?

Yes, yes. Yes. I stopped because of the pandemic. Unfortunately, but I'm planning to come back. But I started one of the main contributions, so I could start to make a volunteer outside the company was the company. So, and another example that I was going to say when we talk about sustainability, when we talk about environmental

impact, so is a paper product producer, so and [company name] launched, some years ago, this paper, this special paper to use in -let me see here- in the straws, you know?

Yes. I've seen it exactly the super endurable straws that don't fall apart and that are biodegradable and so on.

Yes. And even, and even if they fall apart, I think that the magic is - why do we think that the straws need to be forever? I will just drink a small can of Cola. So, I need this straw to survive just, I dunno, 15 minutes. So that's the point. So, and this is interesting because nothing is forever.

All right, it's a philosophical stance

Exactly. And I will not drink that can of Coke forever. I will drink the, that can for some minutes and I need this straw to hang on until I finish the can. So that's the point. And you know, since I saw this and since people started to see that I, you know, nowadays I really feel bothered when I see a plastic straw. When I see a plastic glass, it's, it's crazy for me. It's like, I went, I went to a trip to a small…there's still a lot out outside. There's still a lot of them [plastic straws and plastic cans]. Yes, there's still a lot. But at least the places I go here in Brazil, it's very crazy how it's getting even more and more and more common day by day.

So, I remember I went to a small city last year in the Northeast of Brazil. It's a state here called [inaudible]. I don't know if you ever heard of it. If you've never heard of it, you should go there. It's awesome. So, it's, it's a place it's a nice place to do kite surfing.

Oh, that's cool.

So, if you, if you like kite surfing, you probably go there because it's the best place in the world to do it. Cool. So, I went to a village of 2000 inhabitants, I think something like that. And I was shocked because there, in this small village they were using paper straws and I saw, wow, I'm not in the center of Sao Paulo in the, in the center of Sao Paulo, the biggest city in south America in a very fancy restaurant. No, I am in the small village of fishers and wow. It's very crazy to see that. And I pay attention to that. Of course, because of [company name] because before I was never thinking about straws. Well, it's not something that we worry about, but now it's totally different.

So, when we receive food from delivery at home, when it comes with a lot of bags and full of plastics, we are “what, what is that why they're doing this? I'm not going to buy in this place anymore.” I, we have so many options, paper options of bags and all kinds of packages.

Why are they doing this? So yes. I really believe that these kinds of actions, they have an impact in people's lives and thinking, and they can change it for sure and I am one person, of course, but then I will talk to my mother and she will talk to another person. And then…

Exactly, because you so far have talked about people…

It's a chain…

[continuing] Inside the company, but what about people outside the company?

Yes, also it's because we are people and we are people and that's the statement. Because we are not different people inside or outside the company, we are living in society. So, we are a voice. We are a channel to change everything. So that's the point.

And also, not only through us, but all, but also through what I said before about branding. So, about the brand. So, when you see [company name] in the news saying that [company name] is a negative, carbon negative company. So, we capture more carbon from environment than we produce. So, this is already a reality for [company name].

When some people see that, they think “wow, this is something.” This is something different, big companies are talking about it. So, and [company name] is just one of it. But we have, for example, I was talking about delivery. We have a famous delivery app here in Brazil, which is called Ifood. I do not have to translate because it's in English, it's I food.
So, it's like an iPhone, but food.

Exactly.

Yeah. And Ifood is like huge here in Brazil. I ask Ifood every day.

[interpreting] Every day you order food?

So yes, every day I order food because, well, usually I do not want to waste my time cooking, so I just want to ask something to eat. So Ifood made a partnership with [company name] I think it was left to develop green packaging. Because of course Ifood uses a lot of packaging in the restaurants and everything. It's a delivery…

[clarifying] but isn't it, that these are, are separate restaurants, that pack they're food themselves. Isn’t Ifood like a, just a platform that mediates, that puts buyer and seller together? Or is it more like a centralized…?

No, you are right. It's just an app, but it's an, it's a company that wants to make a change too. So of course, they are involved with packaging because they want to make sure they want to provide the restaurants with greener packaging.

So, and also, they want to give better conditions to the people that deliver the food. Even though they are not directly connected in legislation when we talk about work legislation. But anyway, the point is if food is arriving at people's houses with green packaging, and this is different too, this is also, this also has an impact because you know, when we talk about [company name], it's more related to pulp sales and when you, when you sell pulp you sell to bigger companies. It's not a product that goes to someone's house…

But you still sell of things to consumers

Yes, yes, yes, yes, we have. But the big production and the big selling is related to pulp.

So, it's not related to paper. It's not related to consumer goods, but anyway, when you have this kind of partnership with Ifood, it goes inside people's house. So, it's different then you, you have a direct connection there you have a direct link of communication with these kinds of people. And then they see, and what they see is, wow. My food is arriving in, in paper box.

[interpreting] So the packaging is a form of spreading the message?

Also, for sure. For sure. It's now from my experience, it's very rare that food comes in plastic packaging. There is some time, but it's very rare. Most of the time it is paper packaging.

That must be a nice thing to see.

Yes. That's very nice thing to see. I really appreciate it.

Okay. Thank you so much. Okay. I have a few more questions. Five questions, actually.
Some about social aspects. How would you describe Brazilian people?

Well, just to summarize I think I would try to answer the last questions more quickly, but anyway, how do I, what Brazilian people, I forgot.

How would you describe Brazilian people?

That's a nice question.

As a Brazilian yourself. What is the…what are the associations or what is something that they have in common? Although they're so different.

Well yeah, that's for sure. We have a very diverse society. That's recognized all over the world, but Brazilian people, they are how can I say, they struggle?

They make a lot of efforts. I think that's something that I should say about Brazilian people, you know when you have this country with all this inequality and you still have people smiling and still have people in good sense of humor, because this is another trace of ours. So, we usually, we, we, we laugh.

We talk out loud. We sing, we, well, I think we are happy, happy people, happy Culture. So, when you see this combination, so, so many problems, so many difficulties and still a shiny population. So that's, that's the conclusion I get. We are making a lot of efforts. We are all day trying to be better and trying to survive, you know? I feel very proud of being a Brazilian because I already lived in Europe twice.

Where did you live?

I lived in France and I lived in Germany.

Oh, okay. Yes. Must a big difference to Brazilian people. I can imagine, especially the German, although French as well.

Yeah. Well, the, my, the lucky part is I lived in south of France.

Okay. So, it's better than Paris. All right. I see.

Yes, Paris is terrible, but when we talk about Germany, it's, it's complicated, but at least I think that was also lucky because I had some German friends that were nice, but usually, yeah, people are colder, colder.

People are colder than Brazilian. So, I remember I said, okay I really like it here. It's nice. It's interesting. I have great public transportation and I am a fan of nice public transportation, Metro trains and everything. Okay. We have fair incomes and prices, but. I don't know when I go to the supermarket here in Brazil, I talk to people. I smile, I laugh. I dunno. Maybe I even go to a party with the people who are there.

Barely ever happens here. I'd say it's much more technical.

Yes, exactly. So that's how I describe Brazilian people. It's a happy, very, very happy population that struggles a lot. But we just want to celebrate that's the point.

That's good. That's a good description. Thank you.

You're welcome.

How would you estimate the environmental consciousness of ordinary Brazilians?

There is no, there is no, I think, yeah, it's something related to a small part of the population. Because as I said to you, we have an education gap here and people are trying to survive. So, they don't care in the end of the day if the paper glasses are better than the plastic ones, but the paper ones cost two reales for example, when the plastic one cost 10 cents of reales…So usually they will go to the cheap, cheaper option. So, yes,

[interpreting] So, environmental consciousness is sort of a luxury, a second order thought that you know, that you can give only once your basic things are figured out?

Yes. I'm not saying that. So, the rich people have environmental consciousness and the poor people, they don't have.

I'm not saying that please, you are recording this. This has to be clear that I'm not saying that, but the point is it's related to education. It's related to not only education that you have at school at university, it's related to education that you have at home. So, it's a set of variables that gives you that gives you an environmental consciousness.

So, and when you have someone that has a chaotic life, which does not have support in any… it's more difficult that this person will have an environmental consciousness.

I see.

So that's the point it's related to education and not only education of the children, but also of the parents and this is complicated here because, you know, as I said, people are just, most of the time people are just trying to survive.

So, when you talk about poor countries, that's unfortunately the reality you have, you do not have basic stuff I can imagine. And this is, this is luxury. Indeed. You used the right word.

I can relate to that. I have lived myself in Russia. And there, maybe the situation is somewhat similar...

What is the state of the art in Brazilian society? When it comes to the topic of inclusion and diversity. When we're talking now about ordinary people, how do they relate to minorities to L G B T to masculinity femininity and so on?

[pause]

Are they more progressive or is it still a bit traditional or how would you describe this?

It's traditional. It's traditional. Usually I would say the thing is Brazil. It is connected with this Brazilian way of being that I just mentioned to you… So, people are happy.

They are to celebrate. And because of that, they say, okay, no, we do not have racism. The Brazil, we do not have sexism. No, we don't have this. We are just one. We are human beings and blah, blah, blah. It's very common here in Brazil. So usually we have this. It is true, you know even the president, our current president already said that there is no racism in Brazil.

Really?

Yes. And the point is differently from Europe or United States where you have the, the racism very, very clearly defined. So, you have black, you have white, Brazil is very mixed. We have throughout history. We had a lot of mixing of people, of cultures, of races. And we have the biggest Japanese community outside Japan. We have, you know, the biggest Italian community outside Italy. So, it's crazy. You have German in the south Italian in the Southeast, also Japanese in the south and the Southeast. You have also a lot of Africans in the Northeast, a lot of Portuguese in the north. So, it's crazy here.

Interesting.

It's very crazy. It's a mixed future. Because of that, this is good in one way, because diversity, this is clear, but in another way, it's usually people, they do not realize the differences of access and opportunities to all these types of races. So, racism, when we look to United States, for example, it's very aggressive. It's very violent. You have all these cases, you have KK clan and everything in Brazil, you have the police usually killing black people, black, young men, usually, and people they do not connect it to racism. They think racism is just, ah, if I shout to someone in the supermarket and call it nigger or something like that, they think racism, something like that. They do not

understand that racism is when you go to your doctor, you will never meet a black doctor. When you call for a lawyer, you will never call to a black lawyer.

Of course, I'm using the never word, but yes, we have, but it's very, very small representative number. So, the strongest point here in Brazil is the structural racism, which is present in the institutions, which is present in the way our society is viewed.

So, as I said to you already we have 55-56% of black people in Brazil, and they are less than 2% of the leader of the CEOs of the biggest companies. So, where are they? They are cleaning. They are working in McDonald's serving food. They are driving Ubers. They are delivering food. They are driving buses in the big cities. So that's it.

And so, people do not realize this is racism, and this is also connected to the level of education. Of people because it's not clear that it's racist. If you call someone a monkey, this is clear and this, everyone is saying, this is an absurd blah, blah, blah, but it's not clear that when you do not have these people in the, in the companies, in the high positions, in the political positions.

It's not clear that this is racism. So, we have this way of hiding inequality

But is it a conscious hiding, or is it just a sort of unawareness?

Unawareness, I would say unawareness, so of course we have very, very, very bad examples when we look to our president, for example, it's a very, very bad…

Yes, how come, he's very… isn't he far right? Or something like that.

Yes, he's far right, exactly. And there is a risk that he gets reelected this year really, but...

How come, how is this consistent with our idea of cultural and social transformation?

Yeah. Well, that's, that's $1 million question. I think the point is religion is very strong in Brazil because you know what, because it is a way of supporting people. And when supporting it's not only psychological support, but also financial support. So, you have churches and I'm not just talking about Catholic churches, on the opposite. I'm talking about Protestant churches. We have a lot of this here in Brazil and Brazil has big numbers when we talk about religion.

So, I think it's the biggest Catholic country in the world. And when you see these churches that derive from Catholicism and they just, they do not believe in saints, they

just believe in Jesus. And you have this how can I say here? Let me see how do I say that this father, it's not a father it's the leader of the church…

Pastor?

It's yes, pastor. Exactly. When you have the it's the same wording in portuguese. I was really confused. But when you have this kind of, you have a lot of these fake churches here in Brazil

What do you mean? And I am not atheist, you know, I believe in religions. I have all my beliefs and everything… the point is, I have faith and et cetera. But you have these fake churches. What is that? You have these leaders that they open churches, whatever they want. And they affect sort of ask for people's money, even if they don't have a place to live. They say, you know, you have to give me 100 bucks because only then Jesus will save you.

And these kinds of people, they have TV channels here in Brazil, they have newspapers. They are very, very powerful and they are opening churches everywhere. Day by day, they are multiplying the number of churches and temples.

Scammers?

Yes. Yes. Yes, they are. They are crazy, you know

How can that be legal?

Well, the point is we have a very big religious population, so therefore we have a lot of these pastors in the politics and they create the legislation. So, they, I see, you know at churches, they do not pay taxes here in Brazil. They do not pay taxes. And one, this kind of, you know, there is one which has a TV he's called [Ado?].

[Ado?] has a TV called [inaudible, TV channel name] I think, whatever. No, no, no [inaudible, TV channel name]. I think it's the third biggest TV channel in Brazil. It's called [recard?] And he's involved with all kinds of corruption cases and with money laundry, and it's crazy. It's completely crazy. That's yeah, it's really bad. And you know, but when you have so many people in poverty that are abandoned by the state abandoned by the government. When you see, when you have someone there talking softly with you and saying the things that you want to hear and just saying, okay, make your efforts. But by the end of the day, give me 100 bucks. You will give it because in your life there is the only support you have. So, you do not have other support from the government and everything.

So, you believe in the church, you believe in the things that they say, and these guys are totally, totally connected with far-right politicians with the president of Brazil nowadays. So, it's crazy.

That's sad

Yeah. I think religion plays a very important role in Brazilian culture…

But is it really religion? It's more like a sect, you know, It's not…

Yes, it is. I think it's difficult to define, you know, Philipp because I don't think you have this kind of stuff going on in Europe. I already heard that Brazil is colonizing other countries with this kind of churches or religions or whatever

In Latin America?

In Africa and even in Portugal. Oh, because of the language, I think, well, there is a, there is a very big connection between Portugal and Brazil. Of course, when I went to Portugal some years ago I saw a lot of these churches there, so I was shocked.

I was like, what is that? So. That's incredible. So, they are literally exporting this kind of business, let's call it… I really feel it's not a religion, it's something based on the desperation of the people, you know?

Yeah. That's taking advantage of, exploiting people who want some comfort. Right?

Exactly. It's horrible. There are some videos in the internet that it's difficult to believe. It's very difficult to believe you have like these pastors and they take the people's credit card and they say you will only be saved by Jesus if you give me the password of your credit card, it's true. I'm not joking. It's nuts.

Here the same again, as I've lived in Russia, there have always been these TV channels with these sorts of ladies that can tell you the future and sort of, you know… it's a bit of the same kind of genre, you know? Trying to comfort people that feel desperate and lonely or whatever, or afraid of the future and so on.

So, I think this is quite a phenomenon anywhere to some degree. Even in, I mean, in Austria, pretty sure there are also organizations of this type… it made me think of Scientology. Have you heard about this? that's a whole genre of its own really.

Wow.

Worth checking out.

It’s pretty crazy.

Pretty crazy, indeed.

Well you see the far-right phenomena is also all around the world. We have Trump, we have in France, we have so many examples all over the world, so, absolutely. That's crazy.

Let's see where it will go.

Yes. Hopefully we'll go okay. Into a nice place

Hopefully, hopefully.

[pause]

Okay. Two more questions on your personal experience. Is it alright? Because we are talking for 1h 45 already. That's a good time. That's gonna be at least 20 pages of transcript [laughing]

Yes, I'm happy to help you. I hope it will be a very good transcript.

So, could you tell me about your, again, about CSR. Could you tell me about your personal experience on how CSR or sustainability practices have affected people around you, something from your personal life?

Exactly. Well I think that the most important thing that I can remember of is related to volunteering, you know when I just, before how can I say, just before the pandemic started I was making a volunteership. And in a favela here in Sao Paulo. And well, it's so, so crazy when you go to these places and you see the difference between your reality and theirs and what is the craziest thing for me is that I had to, I had luck to be born in a family that had conditions. Who decided that I was going to be born here and the other one was going to be born in the other family? I don't know who decided that, but that's the point.

I think this is crazy. And in another way People still, they survived here in these places and they have all kinds of problems, but we have a way to help them. And especially in this experience that I had it was really related to give people hope, you know? So, give

people a vision of a future because the crazy thing is, is something that marketed me when I was there.

Once that I saw one of the guys saying, you know, we were talking about “so you have, you can study, you can study abroad, you can get your money, you can have a house, blah, blah, blah.” So, it's possible future. We were saying something like that. And then one of the young men there said “wow, it's so crazy to hear you talk about this because as we live here in the favelas, usually we want to be the leader of the drug traffic, you know, the drug dealers.” So why they want to be these guys, because these are the examples that they have. They do not have examples of someone that went to study and became rich and everything. They have all around them, bad examples of people that went to this world of drugs and got rich very fast.
And they now have all kinds of jewelry cars and whatever, all they wanted and also clothes and all the things that everyone wanted. They have this very quickly and of course with a lot of danger, but anyway, they already live in a lot of danger in the, in the neighborhoods they live.

So, when you go there and talk to these people, and you'll say, no, you can have a good life outside this. You do not have to. You do not. They think they have only one way. Yeah. But it's not like that. It's clear for me. It's clear for you, but for them it's not.

And connecting again with diversity just to vary a little bit. But anyway, when you are a black person and you do not see any CEO, any black CEO, you do not believe that this is possible. You think that it's impossible? You think that “no, no, this is not for me.” So, it's the same for them. When you are there, you see that it was crazy.

It was really crazy to realize that it's important even to talk, even to say “Hey, wait a second, you have the option.” And that's where, again, corruption acts because when you do not have school there, a quality school there it is because corruption made the money go away. Then it's easier for these people to go to this drug world, so, or whatever crimes you might have in, in society.

So, well, for me to this simple act of talking to these people and giving them this vision, giving them, this hope of having a better life without having necessarily to commit any crime… this is crazy because usually we think about great ways of helping and “Oh my God, how should I do with that project?” No, if you just go there and talk to them, it's already, it's already very, very transforming

Brilliant. [interpreting] That's a great point that you just don't have this opportunity even in your head in these places and that it's also an important task to just communicate this opportunity, right?

Yes. A great point. Exactly. Because it's clear and obvious to us, but it's not clear and obvious to everyone.

Absolutely.

Yes. And that brings me to the last question. Why have you chosen to work in the field of diversity and inclusion?

Well, it has a relation, first of all, with myself, I am an L G B T person.

I am a pansexual and I am in a journey of understanding if I am a nonbinary person too, I still, it's crazy. This kind of stuff. I started to think about this with therapy really just a few months ago. And now I'm asking myself some questions because some months ago I was, it was clear to me that I identify as men, but now I don't, I'm not quite sure anymore. So, I have this natural connection with the subject and it's a journey, so I'm not in a hurry, but anyway, for sexual orientation, I'm already connected through the pansexuality.

But I don't know. I always had a strong connection to social stuff. You know, since I was little, I always liked songs that we're talking about struggle about people's problems and about victory separation and all kinds of human feelings and that's why, for example, one of my most favorite types of music genre is folk songs, folk music. So because they talk about humanity, they talk about wars, they talk about… they give voice to all these people and happenings that sometimes we forget.

You must like Bob Dylan then?

Yes. Bob Dylan. Well, it's not my favorite, but my favorite ones are Johnny Mitchell and Joan Bais. So, they're both my favorites, but I like, well some other singers it's very it's... I always felt very connected to these kinds of songs. So, and also, I think my father helped a lot, a little bit because of that. My father is a left-wing person.

That's good.

What's that?

That is good, that usually means less authoritarian and so on.

Exactly, exactly. Exactly. So, he's a left-wing person. I was raised hearing that, well, people were the most important things and we should give value to the people. We should give power to the people. And I also, I, I was very, very, I was always very connected to social stuff. Because of that. So, it's very… I really connect with human

suffering. So, I really feel empathy with this kind of stuff. And I, since long time, I think about how to connect my existence, to making the difference to people. So, I like to work with... So, if my purpose is to change people's lives, if my purpose is to give better conditions to give more…

So, I should work with this. I should work with this because I was not always working with this until one year ago, I was working with logistics, which had nothing to do with this, but I was already getting involved. With this kind of subject. So I started in, in 2017 since the beginning, I was trying to be part of PLURAL group that you saw in our website.

I was also all the time proposing to our bosses and say, Hey, why shouldn't we do a workshop about diversity? Why shouldn't we make a training about diversity? And I don't know, it's in my blood. It's in my DNA. I think I have, of course this thing of being L G B T, but anyway, it's when I think about other people, I really feel empowered to go on and to do my job and because I know that I'm working with my purpose. I know that I'm working to make a difference in society. I think it's very, very shallow when you just work to pay your bills and buy your trips and buy your clothes and pay your taxes. So, for me, there's no way of getting up every day without being connected to this subject that I love.

So that's basically why I chose after working in logistics doing all these actions connected with this subject after a time, I said, okay, I want to go to HR and the universe helped me a lot because suddenly there was this position opened in my company to work with diversity inclusion and it worked, it, it went well in the end.

Brilliant. So, you have combined your personal purpose with, with a job. That's always a very nice thing to hear when people not only work to maintain their existence, but also to, you know, do what they need to do. Great. Thank you so much for this conversation.

Interview 4

Interview Duration: 1 Hour 6 Minutes
Date: 01.08.2022, 14:30 (MESZ)
Interviewee Position: Global Head of Diversity and Inclusion

Numerous studies [] by Brazilian scholars, they indicate to a growing trend in CSR adoption among large Brazilian companies. How would you explain the rise of CSR and sustainability practices by large companies in Brazil?

Well, I have been working with CSR since 2005 and sustainability since 2007.

In that time sustainability wasn't [inaudible] like sustainability is now. And in my perception, indeed. But fields have been increasing. The companies have been increasing the practice, the strategy. In the past it was only based on few practices without being linked to this strategy.

And I can tell you that in the last 10 years CSR and also sustainability are being perceived as strategic to the company. Not only talking about CSR specifically in Brazil - it was mainly focused on charity donations and now the companies are linking [CSR] to the company business strategy, for example, talking about [company name], which is a food company in the agri-business.

So, most of the programs are linked to CSR and sustainability combined in order to finance social programs related to the food waste, to gastronomy for the privilege of people. So, in the past company that I worked for as well, for example, the telecom company [company], [other company] all these companies all always have been linking the CSR and sustainability strategies to the business purpose.

Brilliant. So, you're saying basically that previously philanthropy was just all over the place, it was not linked to strategy. Now because it is linked to strategy, it is also increasing because it pays off more for companies to engage in these CSR practices in the first place, right?

Exactly and mainly I think there are few reasons:

so, about sustainability, customers are requiring sustainability practice, are willing to buy from sustainable companies, sustainable products. I don't know if you have read the sustainability research release, I think every year from… oh my God. I forgot the name.

[pause]

Okay, I will try to find on Google and send it, it’s a great social company in Brazil, an association. I don't know how they are named, but they promote a research among the largest companies in Brazil to understand customer perceptions about CSR and also sustainability. And in these surveys, it states that customers are willing to buy from sustainable company, sustainable products. And this is a global trend as well. So, that's the first reason talking about sustainability.
And secondly, the Brazilian laws are asking the companies to be more sustainable. However, I can tell you as a Brazilian, Brazilian laws are still fragile, so there is the law, but it's not being put in practice. However, we do have laws, for example, not use plastic bags into supermarket unless you pay for each, not use plastic straws, only paper straws. For example, Brazilian law regarding disposable… Oh my God. I forgot the name. I'm out from sustainability for one year and I forgot the technical names. Okay. But that's okay.

So, that's my perception and talking about CSR, companies are more engaged and linked to the business purpose as the society is asking for the company to give back social actions and mainly link it to the social license to operate.

When you see the largest companies such as chemical companies, mining companies, they do need to implement social license to operate practices.

Okay, brilliant. So, you have mentioned basically three reasons. The first is the changing awareness of the Brazilian people, of the consumers. In which ways do they, do they communicate this changing attitude? Do they sort of refuse to buy the products or in which way?

For example, in the survey that I told you, I will search and send it to you, also companies that do customer research…

For example, when I was at [company name], I was sustainability manager in south America and the company worldwide promote a survey to understand the main trains in sustainability. And I'm going to give you an example, during the COVID pandemic and the 2020, the beginning of this pandemic crisis. [company name] started in 2019 to implement plastic free actions in the hotels and restaurants. So, in south America, for example, we were not using anymore plastic straws and any other plastic disposable items.

And during the pandemic here in Brazil, I know about the rest of the world, you started using plastic to wrap everything, to wrap the foods, for example, a banana was wrapped in plastic. So, there is no reason for the banana being wrapped in plastic. So, everything, even the egg, when I saw an egg wrapped in a plastic, I was ‘what what's

going on’. So, I reached out to the hotels and they told me ‘no it's due to COVID’, I say, okay, but there is no study about that.

And then here in south America, we did use social media to engage the audience, to engage the customers and telling, explaining why a court was implementing plastic-free solutions. In that time, the customers who were in the hotel were posting on Instagram, a court is telling that it’s plastic-free. But look at that, there is plastic everywhere. So, I had to manage a crisis on social media during the pandemic, as the customer was complaining about the amount of plastic during the breakfast.

Okay. So, consumers have their own channels and they communicate mostly through internet.
Okay, great. I will move on to the second question. Very general question, but I'm interested in how you will answer it. Besides of providing jobs and products, how is your company contributing to society?

[pause]

Hmm, that's a great question. Let me think specifically about [company name] where I'm working at this moment which works mainly with meat. Okay. Provide protein. And then one of the, which is linked with the company strategy, is to provide healthy and sustainable food to the society. So, there is a lot of research inside the company on how to provide the best quality of the products and foods to the society. And also, it's not specifically linked to the society, but it's a sustainable practice… the animal welfare, here in Brazil there are laws which are requiring this animal welfare, for example, for the chicken, for the pork.

And this is one of the actions and strategies of the company as well. The third one, there is an Institute here in [company name]. So, there is an Institute which provides with finances social programs, educational projects as well… In my area, I'm currently global head of diversity and inclusion, we work to promote the inclusion of the minorities inside the companies, so this is completely linked to the company's strategy as well, and especially as it's a Brazilian multinational company, which is also based in many different countries and cultures, such as Qatar, Turkey… Muslim countries mainly, we need to understand what the societies are requiring to understand the business purpose and implement actions.

For example, when we’re talking about Muslim companies, there is the issue of women in the workplace and LGBT+, policies where we cannot talk, but they do have LGBT+ employees. So how to make them feel welcomed in our facilities.

I see. So, you have to adapt to the countries, to which you are exporting your products in the first place. You, you mentioned the inclusion of the minorities. Could you tell me more about it? Because Brazil is very diverse country with, with a lot of minorities.

Yes, here in [company name] we work with gender equality. We are committed to the United Nations [goals] to have 30% of women in high leadership positions by 2025. And also, in Brazil there is a law indeed to include people with disabilities. So not only due to the law requirement, but also to include this bunch of people that is in this society.

It is estimated that almost 25% of the Brazilians have disabilities. So, it's a lot of people. The third pillar is the [inequality?] ratio. So, Brazil has a lot of black people and [racism?] is still present in Brazil. And the fourth pillar is immigrants. [company name] is one of the largest companies in Brazil who employs refugees.

So, we have an association with the United Nations and also with the Brazilian department which is in charge of supporting refugees. And the last one [pillar] is LGBT+. So, we work to include these minorities to bring them [to the company], to develop them, to give them access to studies. For example, I'm working on an educational program in IT to [teach] black and people with disabilities. So, we provide educational access and part of them we hire to work at [company name]. And in addition, we also work with the employees to understand what is inclusion, what is diversity, as you might know, there is a lot of prejudice.

And so, how can you work with our employees to reduce their prejudice and also to bring the minorities to the companies and to integrate everything, work together…

To integrate and to have a functioning society inside of the company. And if we take it out of the company and translate it to the Brazilian society, what would you say is the state of art in your company, does it reflect what is going on in Brazilian society?
Or is it way worse outside of the company? Or how can I imagine that?

Yeah, being honest, diversity and inclusion is a huge and difficult topic to work with here in Brazil as there is a lot of prejudice, especially with black people and people with disability. And also as I work in the agri-business sector, there is a lot of [taxes?inaudible]. And I usually say that the company reflects exactly what the Brazilian society is. And people are not welcomed and comfortable to talk about inclusion, about the minorities. And it's a, it's a long journey in Brazil.

Especially when we talk about a Brazilian company. I worked in French and US companies and the company culture, indeed, is the same [corrects herself] it’s not the

same, but it reflects the company itself [?]. And so, the same happens when you're talking about a Brazilian company. So, it's a long, long journey in Brazil, so we can have a more inclusive environment.

How do you critically assess the situation in your own company? Does it also reflect the Brazilian society?

In my perception, this topic is linked is part of the company strategy. So, diversity and inclusion is a brand new topic in [company name]. The company started working with this in 2019. So, we went through COVID for two years and I'm in the company for one year. And in my perception, the company is dedicating financial and human resources to push this strategy, to push this agenda inside the company. But we have 90,000 employees only in Brazil.

That's a lot.

It's a lot of employees. So, the challenge is to engage all these people. So, we are going step by step. And in my perception, everything is clear in the company strategy, in the agenda, but now we need to go to all these professionals, employees, and [inaudible]thousands that don't have access to e-mail, internet…

so, if everyone developing the products, so they're not in contact with computers and technologies… to this public diversity and inclusion is something that they don't realize yet. It's not in their daily basis activities. So that's the moment. And so, considering the maturity level of diversity and inclusion [company name] it is still at the beginning of the maturity level.

Okay. That's a great insight. Thank you.

I will move on to a question that you have already touched upon. What do you think are the main challenges, Brazil and Brazilian society faces today?

In which topic?

In any that you regard as the most urgent

Wow [overwhelmed, laughs]

There's a lot I see [joking]

There's a lot, for example… I can tell you, okay. I will resume in one major topic, which is education [without hesitation]. Brazil is a huge country and we have some parts of

Brazil with a great human development index and other ones in the north and northeast of the country, which are very, very poor, have a low index. So, people don't have access to education, to healthcare, to basic things in Brazil. And these people don't understand what is going on in the political and economic scenario of Brazil. So, they are not able to understand and to vote, select politicians. People don't have the knowledge and they don’t have access to basic content. As how to manage your finances, how to have access to healthy foods… In my perception, that is the huge problem of Brazil.

And this spreads to every topic such as climate change. People don't understand climate change: what is our own part and work, how to take part in this, so that we can make the change in the political and economic scenario.

And it's providing you with data, only I think 5% of the people in Brazil speak English. We have only 10% of the population with master degree and only almost 5% of the population with a doctor degree. So, it's a huge gap in the educational system in Brazil.

I see. A following up question, in your opinion, is your company addressing this issue in any way?

Yes. I'm happy to tell you that all the companies that I worked for consider this as an important agenda in Brazil. So, the [] company was the first company that I worked for. And since then I understood how important the [stem] project is to develop the society in this agenda.

And currently at [company name] we do have social programs, a strategy to develop people, to provide them with knowledge, how to manage food waste and also how to have access to healthy food. And that's why there is an Institute inside the company to address this agenda.

Exactly. You have said there is an awareness issue, that most of the people are just not aware of the options they have. Is the company doing something to raise this awareness? besides of doing technical things, like providing them with certain courses and so on. **Is there any way you can think of that this is addressed?**

I don't have deep knowledge about the company actions in the Institute and social programs. But as far as I know, the company finances startups linked to the food innovation process. And also, what is called social [gastronome?] which is a movement to work with the underprivileged people with educational aspects in the food process. And the company also used a lot of external communications with the society, especially with Instagram. Brazilians love Instagram. So, everyone spends a lot of time

on Instagram and that's an important movement that the companies in Brazil do to read and engage the general society with such kinds of actions, projects and also interacting with the general society, not only with the customers, but also with the general society to reach them with educational content.

If it is effective or not I can't tell you, I don't have this answer, but I hope it is. As I have been working with CSR for a long, long time, since 2005, I usually say that if you change 1% of our target audience, it's an important change we are doing for the society.

I see. That's a great response. Thank you. I will move on to CSR as a vehicle for institutional change.

As you have mentioned previously, that Brazilian laws have increased that you as a company, have to adapt and comply to sustainability practices and social actions. Now companies generally have to act within the framework defined by the government, legislation by supranational institutions, but reversely. Do you think that the company impacts these rule makers in some way?

[without hesitation] Unfortunately, no. [pause] In my perception, the companies react to the laws. So, they don't influence or are very close to the government to develop rules and requirements. It's something like passive reaction.

Interesting. So, you say it's a one-way street. They tell us what to do we do, but we don't give any feedback and we don't sort of push them to change something in the way we maybe want or think that it's appropriate or better. Nothing like that?

Yeah. The company speaks up when it's not good for the business. For example, there is a movement about the animal welfare, there is this small part of the society that pushes the restaurants to use/ consume the free-range acts [products?].

So, this is not possible in Brazil and the reasons are: it's a large country. So, imagine that we don't have production of eggs in every part of Brazil. So, logistics are terrible. So, how to bring eggs from the north-east of the country to the south of the country. We don't have good logistics, so it is highly expensive to include this kind of sustainability practice.

This an example that I went through when I was at [company name] so the same, for example, we can use the water in plastic bottles. So, there is not a law on it yet, but there is a discussion about banishing plastic bottles, but… water in paper bottles is too expensive. And in Brazil people don't consume tap water as people in Europe, for example.

I live in Sao and the water is a very good quality of treatment, but people don't consume water from the tap, even if the restaurant has a filter. People will say ‘mmh, I don't trust in this water, I don't want it, so please give me another one.’

And so, these kinds of laws are really expensive for the companies to implement. And so, in that time, the companies worked together to go to the politicians and so on to tell ‘Hey, this is not working in my business, can you move forward the deadline so we can implement some strategies, see how it's going on?’

Interesting. I can also imagine that it's not the number one priority to convert plastic bottles to paper bottles. Isn't it?

No, no, not here in Brazil. We are consuming in cans. Which is definitely not the better environmental solution, but that’s what we are working with, it's metal cans and also glass bottles, which is not good enough. [laughs]

Okay. Brilliant. The next question is: besides of the immediate benefits of CSR activities, like for example, providing food or helping the community in some kind of urgent problem, could you think of any long-term effects CSR activities have on those who benefit from them?

Yeah. In my opinion, CSR practices are, must be a long-term planning. We can’t change in one, two years. So, every programs or actions implemented are going to have the benefit in the long term five years, at least. As we're talking, this requires behavior change and we don't promote this kind of change in one or two years.

I’ll give an example, in Brazil people use a lot of plastic, a lot of plastic. So, when you go to the supermarket, people use two bags to put breads. So, we have the breads in a paper bag. And this paper bag goes in two plastic bags. So, why? And at the time we were explaining the reasons to change these behaviors ‘So, you don't need your bag. Please leave your bag with you when you go to the supermarket.’ people don't realize, people don't understand and they say ‘it's my problem, not yours’ and that is the issue that I mentioned before, the education process.

So, people don't have access to knowledge and this impacts on the change we are willing to promote as company and also as personal goals. And again, I think it's five years, at least, so you can see these positive results.

Brilliant. So, CSR is always long term?

Definitely. I can’t see any program in short term this effective.

Okay, great. The next question you have already touched upon, in your opinion, does CSR conducted by [company name] play a role in shaping collective thinking and behavior of Brazilian people? And if yes, how.

[long pause] Well…

I don't have the answer, that's a hard one as I'm not working in this specific area at [company name].

I see, but maybe from your perspective in the domain of diversity and inclusion as it's also a part of CSR.

Mm-hmm yes, for sure. Yes, I think it is considering sustainability and diversity and inclusion as well, and to develop the company strategies. Firstly, one needs to understand the society needs and what the society is requiring. These strategies are developed considering the AA1000 standards [Stakeholder Engagement Standard] that is the engagement turned out to firstly understand what the audience, the stakeholders are really requesting for the company and expecting from the company. And then we meet [fit?] these expectations. So, stakeholders expectation to company expectation, and then develop the action plan and all of the strategies that are going be implemented in the short and long term. So, that's how we would be build this strategy in sustainability. That I know for sure. And also, diversity and inclusion as well.

So how would you describe Brazilian people, ordinary Brazilian people

In every aspect?

Yes. Anything that comes to your mind.

I tell you that…

There is a lack of education and lack of people who think in the long term, it's only the short term. So, it's today. And I don't think about tomorrow or the next year, and this was crucial during the pandemic in the lockdown that we didn't have this, but people said that we had [long term thinking].

And on the other hand, we're always expecting the best. We are very, very bad in economic scenario, political scenario and in the environmental scenario. So, there's a lot going on in Brazil, but 'this is going be better in the next year'. So, 'it's bad today, but it's going to be good tomorrow.'

Very optimistic

Too much, [laughs] too much. It is optimistic, but ‘I do nothing for change’, you know?

It will happen by itself. [laughs]
Yeah. The energies of the world will make the change. [laughs] I don't need to change that. That is exactly the Brazilian: ‘I don't need to change, but you need to change, so the world changes.’

Brilliant. Okay. I see. So, the next one is how you would estimate the environmental consciousness of ordinary Brazilians, but I sort of have an idea now as you have talked about the education and the bread in the paper bags… you can still answer this question of course, if you like

I describe as terrible as possible, so we don't have no understanding about the environmental aspects in Brazil. So that Brazilian laws don't contribute to environment aspects. For example, the legislations are in favor of the constructions. For example, we do see large buildings developing in some environmental areas. And for example, it is in every news around the world about the Amazonia, that it's being deforested even more due to the mining and illegal constructions. Few people understand what is going on there. And I can tell you a few, few people, I would say 2% of Brazilians. So, our awareness about environmental issues is terrible, from the use of water consumption to the most complex, such as issues in Amazonia.

Interesting. It reminds me of the policy that you have in your company, that you are checking on your suppliers, you're checking on your business partners, whether they do not engage in areas where deforestation is happening or whether they do not, you know, have slavery work and so on.

But now you also said that there are companies that do not comply to this. Could you maybe comment on this a bit more? So, we have bigger companies that do adhere to these standards and smaller do not. Or where is this line or why do some not, and the others do it?

I think that there are huge companies that don't comply with this requirement. And for example, Zara in the past had slavery issue here in Brazil. And people made a movement ‘I'm not going to buy Zara anymore’, but they forgot it one year later. And so [] was one of the companies who was making part of deforestation of Amazonian, but people did nothing.

And so, there is all the lobby process with the government so nothing happened with these companies. Brazil is one of the largest producers of meat raising [inaudible] and

due to these there's a lot of deforestation, not only in Amazonia, but also in the Cerrado. I don't know if there is an English name for this, it’s a Brazilian biome.

and even the Pantanal. So, there is a lot of biomes being deforested due to the raising of cattle. So, there is a law, but the law is not put in place and the company is also ‘Okay, I pay my fee as I'm not complying with this law, this requirement. And that's okay. So, I keep doing this illegally.’

I imagine its corruption or isn't it?

Yeah. There's a lot of corruption in Brazil, especially in this government [displeased]. So, this going to change.

Bolsonaro?

Yes, exactly

Okay. How could you explain the regime? How could it happen that so many people elect him [Bolsonaro]?

It's mainly due to the current government we have in Brazil. So, the president and the ministers were in charge of the country, so when you talk about environmental secretaries and ministers, there is a lot of corruption. So, they are friends of the people who are engaging in all the illegal processes in Brazil. So, there is corruption, there is a lot of friendship in this political environment and that is it mainly Issue in my perception. It is a government, I don't know how this is spread in the abroad media but the current government in Brazil partners with something you call militia... So, the current government partners with the militia, the Brazilian mafia.

So, it was in the news abroad in Brazil the [] media that three man were killed working for the indigenous people to preserve the Amazonas. So, they were killed due to that. They were fighting for the Amazonas against the deforestation.

And then there is a lot of mafia co militia and the government partners with these people, so nothing happens. And in Brazil, there is were a lot of cases in the past four years were nothing happened. So, politicians are killed, influencers are killed and nothing happened to this scenario with the mafia.

I see. That's horrible. I can imagine that has an impact. Okay. Now two questions to your personal experience. Could you tell me about your personal experience on how your CSR /sustainability practices have affected people around you? Personally?

Yes. [laughs] A lot of my friends and family… do you know how I am engaged into environmental practices?

For example, I use as little plastic bags as I can. And I go out with friends and people say ‘Oh, let's go to fast food. And there is a lot of toilet paper. I forgot the name. My English…I'm missing my English. That's the point of working in a Brazilian company. [joking]

The paper when you go to the restaurant [tissues]. So, there's a bunch of paper, there is a bunch of things and small ketchups and a lot of things. And I say ‘Okay, I don't need all these papers. I don't need all these disposable items.’ So, I give back to them and say ‘Okay, thank you.’ And my friend was ‘Oh my God, are you really doing that?’ So, it's not a good behavior. I say ‘why it's not a good behavior?’. So, ‘it's not good people seeing you doing something like that.’ I say ‘No, it's not good for people to use a lot of disposable items that you don't need.’ and I take them and give back to the attendant, as I say ‘Okay, I don't need that.’

So, it's everything about the [pause] …about everything. So, my personal experience, and I'm giving another example when I was at [company name], I was in charge of implementing the action to remove all plastic straws in south America and in Brazil. People love using straws. And so, I was with a friend in a restaurant and she asks for straw to drink a soda.
And I say ‘you don't need, a straw to drink a soda.’ So, ‘why not? I do need.’ so I said ‘Why, how am I going to drink the soda?’ I say ‘Okay, how I drink Beer? It's the same thing, it is a [inaudible] with gas.

Yeah. You don't drink beer with a straw. [laughs]

Exactly. So, to every friend I was saying that ‘we don't need a straw to drink, so you don't need a straw to drink beer.’ So, every time I say that to my friends and that's an example.

Okay. So, it has strongly impacted you yourself?

Yes. In my daily lives, I'm in my apartment in my daily life and in my consumption behavior as well. So, I'm not a [fan?] of massive consumption that we are influenced by the US culture.

Brazilian is a lot influenced by the US consumption culture. So, I don't buy a lot of clothes. Yes, I don't have, okay. Now there is an iPhone 5,6,7 and I need to change my

mobile phone… No. I don't buy clothes according to the fashion and so there is a sustainable consumption in my decision-making process.

I see. What exactly do you mean by American consumption culture? Could you decode that?

Yes. I can tell you it is something related to 'I need to buy a lot. I need to buy everything I can see. Okay. It's on sale. Oh my God. I'm going to shop. I don't need these shoes, but I'm going to buy it as it is on sale. Ok, there's a fashion, a new trend, so I'm going to buy it.

And it's something different than the European culture. For example, Brazilians and Americans have never experienced a huge war in their country. So, the consumption is completely different when you compare it to Europe. So, when you consume foods, Brazil is one of the largest countries with food waste. The same is the United States.

That's interesting.

Yes. Yes. It's a lot of food waste in Brazil. And so, it is in United States due to the fast foods. And in Brazil, there is a lot, there are a lot of fast foods. McDonalds, burger king and other ones which push the food waste behavior. And that's what I mean about the consumer culture in the US

I see. Great. You have said that in Europe, they're more conscious about it and more careful because they had wars. Do you think in Brazil and in the US, it is like this because people maybe have never experienced a real lack of food?

Yes. Lack of food, not food, but lack of everything. Lack of energy, basic resources in general.

Okay. I understand. So, and that brings me to the last question of our interview. Why have you chosen to work in the field of diversity and inclusion?

[smiling] It was a decision that I made when I was in university in 2000 something 3, I think. Yeah. I understood that we can change people, lives. I came from a poor family who gave me high education. So, I studied in private schools which is in Brazil we have the public schools, which is the worst educational system and the private schools.

And then I studied in the private school. So, I had access to studies and education. And then I do know how it changed my life, everything that I have today. So, access to things, to work opportunities. And I would like to work with something that I could make the change in this society as well, especially to the underprivileged and minorities.

So, I decided my first degree was chemistry. I loved chemistry but I hated to stay locked in the lab and I was doing nothing for the society, not engaging with people. And then I decided to completely change my career to make this change that I would like to do. So, and then I have been working with communications and CSR since 2005, as I mentioned even inside the university when I was doing my second degree, I decided to make this change to work with educational projects, to work with sustainability in that time that sustainability wasn't so important as it is now and with and with diversity and inclusion as well.

So, it is something that I would say is a purpose of life, a goal. I want to make people's lives as mine was changed through inclusion and education.

Okay, brilliant. So, you were able to combine your personal purpose and your passion to help people and so on with your job. That's, that's always a great thing to do when people can tell this about their jobs.

Okay. Thank you very much. That was, that was it. That was all of my questions. You have really given me a, a great insight great points about education and so on. I will be looking forward to transcribe your interview and to read through in more in detail. And of course, if you want to have the transcript of our conversation, I'm happy to send it to you. So, you can also double check whether everything is okay and so on.

Okay, thank you so much. I wish you the best in your research. And if when you published, if you could share with me, I would love to read the research, to have a further understanding about what you got.

Okay, great. Yes. It's going to be probably a big paper cause it's my master thesis. But I will be happy to share it with you.

Yeah. The main findings. [laughs] I know how it is. So, no, but the main findings. And I'm going to writing here the Institute that I mentioned is AKATU. They develop research annually. I don't know how, if they are conducting the research annually… about consumer behavior in Brazil, AKATU that I mentioned, percept this CSR, the sustainability practice, what the society is demanding, I think might help you in your research.

Okay, great. I will have a look inside. This can indeed help a lot. Thank you very much. Thank you so much.

You're welcome.

Interview 5

Interview Duration: 1 Hour 1 Minute
Date: 04.08.2022, 19:00 (MESZ)
Interviewee Position: Director of Sustainability

Numerous studies [] by Brazilian scholars indicate to a growing trend in CSR adoption among large Brazilian companies. How would you explain the rise of CSR and sustainability practices by large companies in Brazil?

Yeah, I would say that recently, especially since 2020 because of the pandemic, we see this trend not only in Brazil but also outside. About companies trying to engage with this ESG agenda. Although of course is not something new. We have seen so many companies try to nominate people that sometimes they have double heads, accumulate the functions of head of ESG or manager of ESG and so on.

It seems to me there isn't a concern about how they can prove to the customers that they are not only pursuing financial results, but also, they are taking care of some environmental social impacts that the business model might deliver.

So, do you think it is about customers to maintain the business operation?

Yeah.

And how does the company know that it is about customers? How do the customers communicate this?

Yeah, I think that there are general forms. I think part of the consumers of course can express saying that ‘I prefer to select these other products from the competitors because they have this reputation under this environmental social agenda’, which means that some other companies realize that besides of course, delivering a product that has quality and relation between cost and benefit, they also need to pursue a common cause with the customer.

So that is the reason why they go beyond. So, if you take a look especially about the sponsorship that we have seen, the regions companies trying to shift a little bit, and even the events try to shift a little bit because they want to have the sponsorship aligned with the values of the event.

So, it's not a matter just by a payday sponsorship fee. It's a matter of course, we want to have the Ideal partners for each one of the actions. So, I think in this sense companies realized this point, as well as we could say that the central bank of Brazil has a new

legislation, I think from five years ago, demanding that the financial sector, whenever they're going to release any kind of loans to the company, so access to the capital market, they need of course, to make a triple bottom line evaluation. So, it seems that not only from the consumer, but also from the financial sector, there is a pressure about disclosure, the performance beyond the financial results.

Okay. So, there is an institutional pressure coming to the companies and companies increasingly couple CSR with their business strategy for long term benefits.

Okay. Yeah. I see. I will move on to the next question. Besides of providing jobs and products, in your opinion is your company contributing to society? And if yes, how?

Yeah, so I think that, yes, we recently have launched what we call the [special methodology] that we prove that for every reais, which is the Brazilian currency that we generate of income, we generate 1.5 reais of the benefit for the society, which means that… how we can try to capture all the benefits related to the social and the environmental aspects of our business model.

In some of the case, of course we have in our developing some negative impact, but of course, when we consolidate with the positive impact, then we have this kind of benefit. One of the actions that I can share with you is that we have been a carbon neutral company since 2007. And because of that, not only we made an effort on reducing our emissions, but also offsetting the remaining emissions.

And to select the projects that we purchase the carbon credit is not just a matter about price. It's a matter about the core benefits. So, we have these cooking clean scores that is in a way that we generate not only an environmental benefit about reducing the carbon emissions, but also how we can improve the health, equality, especially of the women that spend so many hours cooking.

And so, they have some problems with their eyes, with the breathing and with this kind of projects we are supporting them. Besides of course we reduce the numbers of hours that they dedicated to pick up [mass?] and of course, to reduce the deforestation in the region.

Okay, perfect. So now you have a methodology that proves…

Yes, it's a methodology that evaluates the return of the investment, evaluating what are the environmental and social benefits that we generate with this action. And because of that, we, we can evaluate the total impact of the company.

Okay, brilliant. I will move on to the country environment of Brazil. What do you think are the main challenges, Brazil and Brazilian society faces today?

I think that…well currently. You know that to this year is an election year for president and of course for governance of the state, so I think that although Latin America is known for hyperinflation, I think that what we have seen, especially from the last 15 months is that we increase a lot of the inflation which means that people are having not only difficulties to acquire the basic things for their own consumptions, but the other challenge that we are facing is that the level of unemployment it's increasing again.

And always, we face in general terms in Latin America an issue about access of education, quality education. So public quality education. And because of that, you know, that we have a foundation called [company institute]. And the idea of this foundation is how we can try to support. to improve the quality of public education that not only in Brazil, but in general terms in Latin America is very bad.

It's very poor. I heard there is also a big disparity between those people who can afford private schools and those who can't and then there's a big disparity later on.

Yeah. And you know, there is an [arena?] on that, because at the end, you know, that people can afford a private school. Then they go to the public university. People that cannot afford a private school, they attend the public school, they cannot attend public university.
Then they need to go to private university. In general terms, private schools in Brazil are better than the public schools. In general terms, public universities are better than private universities.

Okay, perfect. Would you say that the poverty and the increasing hyperinflation is benefiting the current government that will try to get reelected?

It's a mixture because by the end of course we have the pandemic in the middle of course the federal administration, the current federal administration, which is difficult to identify exactly what could be done. It's very true that now we know the effect, because of the first year of the pandemic, the federal government released financial support for poor families, around 60% of the minimum wage.

And although in general terms, just so that you have an idea, if we compare the minimum wage with the living wage, we are talking about probably the living wage should be around almost four times more than the minimum wage, four times more, which means that whenever you give like 60% of the minimum wage, although for the

majority of the population, or at least part of the population can be considered as nothing, for the majority of the population, it was a lot of money. And because of that, we have this what we call the ‘microeconomy domino effect’. Impressive.

So, I can give you some figures that when we are talking about the construction sector, the prices of the materials almost doubled, because then normally the wife was complaining to the husband, say that ‘yeah, for so many years, you promise that you're going to fix this thing in our house.’ So now that they receive these extra 60% [of the minimum wage], they said ‘okay, now you have the money and you are going to do the work.’ So, there's no need to pay someone to do that, you can do it by yourself. And because of that, the prices of construction materials almost doubled in price. And I can guarantee it to you, because I was building the house and I saw that. I said ‘oh my God, come on. How 60% of the minimum wage can do this kind of effect’, but it's this scale, also for the food sector:

If you go to the dairy sector, it makes a lot of effect because then people can afford something that is not on their basic items on the regular basis. And whenever the federal governments remove this kind of financial support, then we realize ‘oh my God, how we are going to manage this’

So, and then they get used [to it]. And then because of the political issues, they are now releasing the second round of this financial support. So, it's a matter. And of course, it's not contributing to the economy. And then of course all these effects, although we do not feel so many effects from the war between Russia and Ukraine, we can start feeling some of the effects about some of the problems that we see in the region.

Okay, exactly. So, you have touched upon two main topics, poverty and education. My next question was how your company is addressing this issue, but there comes another thing of the inflation that you have to adjust for. So how would you comment on that? How would does the company addresses this.

Yeah. One of the issues that we have every year is that, of course even though that we are in a developing country, I think that we have some issues with inflation, even though there is going to be lower inflation, there is also inflation. So, which means that every year we need to control the prices of the raw ingredients and the packaging materials and try to reduce the expenses that we have because it's going to be easier for us just to try to increase the price point of our products and tell the consumer, sorry, you need to pay more because by the end, probably what they're going to do is that they're going to shift to the competitors. So, every year we have this situation and this challenge to try to control the increase of the cost and try to think about new alternatives to do that. So, I think that that is one of the major issues that we have.

The other issue that we have is that, of course, because we are facing this hyperinflation, there is a higher chance that the consumers are going to shift a little bit, the type of products that they're acquiring. When you're talking about the cosmetic or the beauty sector, we have a huge portfolio as we have on the food sector that some are more related to the basic items like hair care products, body care products, but then there is the complementary portfolio like fragrance, like makeup and so on.

So, by the end, and especially because of the pandemic, what we have seen is that a shift between the basket of the product that the consumers were acquiring before the pandemic, and now they shift back and what we have seen, not only in our case, but even with the competitors that you need to shift the way that you're communicating the benefit of the product to the consumer.

So, you know that one of the competitors raised a campaign saying that ‘how about to put a new red lipstick before you go to the virtual meeting?’ it's something that in the past, you never imagine to use this kind of communication because you normally use the communication about red lipsticks to go outside, to have a date and so on.

So exactly. Yeah. Interesting. So now you have said that you are in the cyclical consumer sector and that the demand of the population is very much dependent on the economic cycle on crisis’ that eventually happen as well with Russia, for example, now you have also mentioned the price adaptation. I wonder because you said you have to adjust for consumers so they can afford your products and so on.

But you also do adjust the wages for your employees. Right? Because as far as I know you have the living wage established, so you have to adjust at both sides.

Yes, by labor legislation in Brazil. There is this agreement between the different unions and of course the labors, the employees should be part of one of the unions.

And there is an agreement between the private sector, depend on the sector, right? So, there is a lot of union. So, you define what is going to be the adjustment that is going to be applied to do for all the employees.

What we have done in the past is that we have aligned that, normally when we are talking about manager position and above, we do a fixate increase of the salary, no matter what is the income of the employee. When we are talking about the coordinator and below, let's say the more operational task functions, normally the increase is a percentage.

So, let's say 10%, something like that. And what we have seen is that five years ago, probably this kind of increase should be around like 3 to 4%. Currently we are talking about 11%. So, imagine that. The level of inflation is going to decrease the power of consumption on 10% every year.

But not all the private companies can afford this kind of situation because by the end, of course, they need to increase their sales performance by 11% just to try to equalize. So that is the reason that sometimes they have a possibility to reduce the cost and to remain with the gross margin, sometimes they do not, which means that they need to pursue new alternatives. And of course, one of the basic alternatives is trying to reduce the cost, so try to reduce the number of employees.

So, and of course we are just talking about the private sector. We are not talking about the public sector, we are not talking about the third sector. So, the public sector is one that probably is going to remain with the same wage probably for five years. And then there's this huge debate with the new candidates about how you are going to adjust the wage of those public employees, because by the end, of course, they decrease the power of consumption year by year.

Right. Okay. I see. Brilliant answer. Thank you.

Your company is the largest B Corp and among the top-rated companies, when it comes to sustainability, how would you explain this extraordinary engagement in environmental and social matters of [company name]?

Yeah, I think that if you take a look on not only the oranges of [] the mother company of the group, but even each one of them, we have purpose driven companies where the founders have, say, a different approach whenever they founded the company.

So, in the case of [company], imagine more than 130 years ago, tried to offer to women a possibility to have an income. And of course, starting raising all the discussions about women empowerment. When we have the [company], all this situation about advocating for ‘stop animal testings.

But more than that, how we can try to pursue more natural ingredients sourced from different parts of the words and try to support those local communities and so on. So, it seems that we have embedded sustainability in different ways, of course, in each one of the brands. But I think that we have succeeded to try to embed in the business model in a way that it's part of the business model is not just a matter of let’s ‘measure just the impact that we have.’ So, one of the actions that we do currently is that…how we can try to guarantee that all the actions related to sustainability is not just a responsibility from

the sustainability department, but it's embedded in the daily activities of the other departments.

So, by the end, the guy from transportation, he not only should be responsible to deliver the orders on time, but also how can he do this with, let's say with the lower carbon footprint.

So, how do you make sure that this is working throughout the company and the supply chain? You have a compliance kind of…

yeah, we have measures and we have several KPIs. And also, just for you to understand. The other thing that we did is that we have for the short-term incentive. So, part of the bonus of the employees is related to the sustainability performance. And even when we are talking about the top executives that they have not only the short-term incentives on annual basis, but also the long-term incentives, they have connected with sustainability KPIs, which means that they need to understand that not only they need to deliver the financial KPIs, but also the sustainability KPIs.

Okay. I understand. Thank you. The next questions will be a bit more specific about CSR as a vehicle for institutional change…

And sorry, maybe Philipp, if you allow me just to compliment, [company name] connected to the B Corp 2014. And by that time to be completely honest, it was bet, because by that time there were just small and medium companies joining the B Corp. So, it wasn't a decision, we made a bet about if this kind of movement is going to increase year by year, but also what we saw with good eyes it was that maybe it could recognize all the sustainability timeline that we have made since the foundation of the company. And then of course, when we acquired the other companies, we start sharing these values.

So, the other brands started to become B Corps. And that is the reason that we have this title of being the largest B Corp around the world.

I see. So, you're an early adopter.

Yeah.

Okay. My next question was about institutional environment because the company has to comply to national laws, to standards of supranational institutions and organizations, but reversely, does the company impact these rule makers through their CSR activity?
Or is there some backwards communication from the company going on?

Yeah. You know, not only of course we are obliged to follow and to be in compliance with the legislation of all the countries that we operate in. But especially in the countries that we have the headquarters and the larger operations, we have a proactive engagement with the public sector and just try to, of course, improve some of the regulations and I can offer some examples.

And normally when we do these kinds of engagements, just to avoid any kind of interpretation about lobbying, normally we do this in a [qualitative?] way, which means that we do this via the association of class or we do this in a coalition with several companies from different sectors, just to avoid any kind of interpretation that we are just giving and offering these kind of benefits to [company name].

So, one of the examples that I would like to offer is that few years ago we had these movements to try to improve the new legislation on genetic heritage that is going to support the conservation on biodiversity. And what we have seen is that there are so many different opinions. So, we offered via these coalitions of companies from different sectors, some perspectives to try to improve a law in a way that not only we are going to equalize the approach that companies are doing, but also, we are going to contribute to the preservation of the biodiversity in the region.

So, how we can try to share best practice that we are adopting? and because of that we could deliver.

Okay, great. Have you got any, any other examples on how the company is affecting legislation?

Yeah. I think that when we are talking about reverse logistics on waste management, also, we offer some reflections via the association class about what can be done because we have, let's say the first period of the current law, and then we are supposed to improve the law.

So, what are the reflections? What are the points that we need to improve? In several areas, not only regarding the environmental agenda, but also the social agenda we have been supporting. And any times that we have this public consultation on legislations, how we can try to advocate for. Besides that, also there are some organizations from the third sectors, that we are members, that also support how we can try to advocate for the climate agenda, bio diversity agenda and so on.

So, we are talking about local organizations. Some of them are associated to global organizations like, [inaudible] it is the local branch from world business council for sustainable development in Brazil. So those kinds of organizations are the ones that are

gathering the companies who have this sustainability leading profile and with that, of course, try to advocate for so many areas, including of course there is an agenda for the presidential candidates. So whenever, no matter about the parties that we are talking about, no matter about the candidate that we're talking about, what are the things that we see as a possibility to improve the performance in Brazil regarding the private sector.

Okay, a following up question. Your company program [company program name] aims to achieve zero deforestation until 2025. Considering that 2021 counts as the year of highest deforestation rates since 2006. How [company name] wants to achieve this goal of zero deforestation?

Yeah. It's one of the, probably the most challenging targets that we have set and probably one of the few of those that are not related just to the role of [company name].

So, normally we say that we haven't have this quality before together with other companies from the private sector, from the third sector, we have the public sector to try to support this. We are very pleased to hear that Brazil signed a commitment last year at cop 26, about this pledge about zero illegal deforestation by 2030.

But of course, our deadline is 2025. So, one of the actions that we did is that…how we can launch a platform that is called []. I can send you the details by email and there is, of course the, an English version as well, that keeps visibility about the real rates of deforestation in the regions, but also highlighting some of the positive aspects of conservation and restoration activities.

Why we are using this kind of initiative? It's because of course the current federal administrations do not recognize the real level of deforestation. So, the idea is: how we can have visibility for the ordinary population or even to engage the other private companies in this agenda. We need to understand that when we're talking about Brazil, Brazil has the size of the country is larger than Europe, which means…and also a sad reality is that the major part of the population never left their own city, own city. Which means that if you take an airplane from Sao Paulo to Manaus in the Amazon rain forest, we are talking about five hours by plane, which means that it's so far away that the majority of the population cannot understand not only the importance of the Amazon rain forest, but also the reality that we are facing over there.

So, I think that that is the part that we want to have people engage it's not a matter of, not only to respect the rights of the indigenous population, it's more than that. It's how we can try to conserve and to preserve the biodiversity of the Amazon rain forest.

Okay. So, people's awareness is a great issue that you have to address in order to get this into movement.

Yeah, but I can also imagine that there's an issue with government corruption and with interest groups that…

Yeah, that, that is the major issue. Because in the end, especially when you are talking about deforestation in Brazil, it's not only a matter about the president saying that 'there's no obligation to respect indigenous land', but more than that, that we have illegal mining and part of the illegal mining is funded by the drug dealers of Rio de Janeiro and Sao Paulo, which means that it's not only a matter that we have put in place, people that go and check it out if there is any kind of deforestation and give the penalties for those who are responsible.
But so I think that that is the issue that we have with the federal organization that it is not only not recognizing the real situation in the regions, but more than that, doesn't make any kind of intervention to stop this situation on illegal mining and of course all the implications that we have within indigenous population and so on.

So, there would be increasing communication with the government to try to address this issue of people doing illegal things. Okay, great. I have the next question then besides of immediate benefits of social actions, when people get provided with education and so on what are the long-term effects CSR activities have on society?

I think that because of this situation… of course I think that in Brazil, we are a little bit more used to those heat waves, but what we have seen, especially with our colleagues in the UK and other parts of the regions that finally, I think that humankind it's getting the knowledge and the physical perceptions that this is something real because if you take a look about crop in Brazil in general terms, probably 95% of the crops in Brazil depend on the water coming from rains.

So, there is no, let's say artificial irrigation, which means that because of this situation of all the dry. The productions of milk and other types of vegetables and fruits has decreased a lot, which means that the price has increased a lot. So, there is a lot of effects, not only about milk, about chocolate, about cheese and so on because of this particular situation.

Even that currently supposed to have the worst period of weather in Brazil, because supposed to be wintertime, because we are talking about…now we move to August, but July should be the worst period. And you know that the worst period of the year, although morning times we are talking about 12 degrees Celsius, but during the days we are talking about 25 degrees.

So, even this shift about the way that we have the temperatures and we have the seasons, finally, the populations are taking conscience that ‘oh my God, these might affect our lives. Worse than we were expecting, or now we are having some ideas about’. We have another situation that you know, that the electricity matrix in Brazil mainly it's produced by hydro power plants, which means that once we have decreased rain rates the cost to produce energy has increased a lot. So even though that you do not turn on the lights yet in your place, you're going to pay more, the bill. There is this flag that whenever you receive the energy bill, there is this red flag… means that we reach a critical point of the level of water under those dams, which means that because of that, we need to start the generations of the energy based on biomass or gas and because of that it is going to cost more and you need to pay. So, I think those kinds of situations make people understand that ‘oh, it's something that is going to affect us. It's not something that is not affecting my daily activities.’

I see. So, besides of the product side, people are also affected by the energy side in terms of costs. How would you estimate the awareness of Brazilian people regarding to this environmental change and so on?

Yeah, I, I think in general terms, of course, and especially nowadays that we are facing these periods of pre-elections, it's very clear that, of course, the main driver to select a candidate is still related to the economic promise, it is not related to any kind of environmental agenda. It's very clear. On the other hand, because of these situations of the increase of the cost of the production of energy, it affects basically 99% of the population. There are few parts of the population that do not count the electricity energy in their places, so they need to generate their own energy. The majority of the population need to source this to the local governments or the state governments, which means that they know that it's increased month by month.

And of course, the prices of the food. It's very clear if you go to the supermarket today and if you go tomorrow, the items that you are acquiring are going to have a different cost. So, I think that in general terms, the population is very conscient about it, but it’s not their priority. I think that is the major difference.

Although they have this conscience, the level of conscience is not in a position, it is not in a level of maturity that allows them to say that ‘I need to make my choices based on this kind of conscience.’ So, still, the economic driver is still the larger one.

They're still not able to sort out their priorities correctly? But what are the economic drivers, what is promised?

Ah, they're going to increase the numbers of jobs, they're going to, of course, in the case of the public sector or employees that they are going to give the percentage of increase of their wage. So basically, we are talking about benefits that are going to reduce the level of inflation.

Okay, great. In your opinion, does CSR conducted by [company name] play a role in shaping collective thinking and behavior of people and of Brazilian people. And if yes, how?

Yeah. Good questions. One of the things that… you know that in Brazil you're obliged to vote. After 18 years old, you're obliged to vote, after 16, of course you can vote, but you're not obliged. The point is that… it's weird because you know that in the day of the elections, if you're not in the city that you're supposed to vote, even though that you're talking about you're in another city, like 10 kilometers away, you can just go to the other city and justify that 'Sorry, I was not in my city.' So, you can just say that. If you do not justify, you need to pay a penalty, but the penalty we are talking about probably 25 cents of dollars. So, it's nothing.

Of course, the consequence of not voting is very high because at the end, if you do not vote, you cannot [innovate/renovate?] or you cannot get access to the passport. You cannot fill any position in the public sector and so on. So, one of the actions that we did in the past, it was [to increase the] consciousness of the population that it's important that you use the right of the vote in the right way, because of course there is a tradition in Brazil that when once you do not have any kind of priorities about the candidates, you're going to select… to vote in blank. But there is this possibility in Brazil. So instead of selecting any kind of candidate, there is a white button, there is a white button.

So, you press the white button and say 'I want [no] one.' So, we are having this discussion because, and I can send you if you give me your mobile phone. I can send you in WhatsApp. There is this very interesting campaign from Burger King in Brazil. So, what they did is that they have… you know that in Brazil [we have this?] electronic vote machine, so basically you have the numbers and then of course you have three buttons in the bottom: white button, green button and a red button. So, the white button is the one that I mentioned to you, vote blank and the green button is the one, whenever you type any kind of number of candidates, then you press the green button to confirm your vote. And then the red button is just to cancel any numbers that you have selected.

So, burger king made these machines that you just have the white button and then say 'who you're going to vote' and all of them say 'blank', so they press the blank button. And because they press the blank white button, they offer them a sandwich. When they open the sandwich and they eat the sandwich, they go 'oh, it's a weird sandwich.' So, when they open the bread, there is just mayonnaise and onions, without cheese,

without lettuces, without the hamburger. And there is a message in the paper saying that ‘whenever you do not select the things, someone is going to select for you, you are going to have someone's selected for you for the next four years.’

So, it was a very smart way of saying that I don't care if you have a priority, you have a power, you need to use this power and this right. Even though, even though that you select the less bad candidate, right. You do not have a favorite? Okay, go in the other round. Do not have someone select for you.

So, it was very smart. You know, when we saw this kind of campaign we thought is this the kind of campaign that our company should be doing. Because in the end, it's not a matter of saying that I'm supporting this kind candidate and not supporting the other. It's a matter about increasing the conscience of people. About using their own right.

To fight their political passiveness in a way. That's a brilliant example. I didn't know about it. The next question is very general. How would you describe Brazilian people?
Now as you have given me already some kind of idea.

Well, very difficult because you know that we are talking about the population about 220 million inhabitants. So, it's very difficult. What I can say is that in general terms, the level of education of the country is very poor, which means that in general terms, the level of the basic formation under education it's very limited, even though that people attended, let's say the high school, they have some difficulties to do the basic maths and to read and write. When we are talking about foreign language, it's very, very limited to just few parts of the population.

And as I mentioned to you, the majority of the population never left their own cities or their own state, which means that even knowing their own countries is very limited. Of course, we did not have the situation. As we see in India, that if you belong to a specific class, you not going to be allowed to improve.

There are few… of course, it's very difficult because if you do not have access to good education, then probably you have less opportunities. And because of that, you have less chance. But of course, there is a lot of entrepreneurs that have this entrepreneur mindset that of course they might succeed.

But in general terms, that is the issue that we face in the regions about how we can try to advance if people do not have access to a good education. In general terms of course, the people are very open. So of course, and they value a lot family, which means that normally they live not in the same place unless we are talking about very poor family, but if we're talking about, let's say general part of population, they live in the

same neighborhood in the city, because families support each other a lot and we are very… let's say warm people. So, we have interactions with people in the streets, even though that you do not know them. You talk, say, ‘hello, how are you?’ And it starts with small conversations. It's not deep conversation, but it's small conversations, not like in Europe that even whenever people need to give you the change, they put in a plate instead of you open the hand and then they put the coins inside of your hand, so it's this kind of situation.

Exactly. Yes. You have touched upon that family is very important to Brazilians. That makes me think that it's a more traditional culture. So, what is the state of the art in Brazilian society when it comes to the topic of inclusion and diversity minorities, L G B T, gender equality and so on?

Yeah, that is a very delicate part because I think that in the end, of course, we advance a little bit, especially when we're talking about black people inside the country, because we have a percentage of positions that should be filled by university and so on. Even when we're talking about physically and mentally disabled people, companies are obliged to fulfill at least 5% of their employees with people with any kind of disabilities.

And in the end, it's a mixture because some of them wants to receive these kinds of benefits. The other ones do not want to be count as someone with physical disability, because they want to be hired by their expertise. It's a mixture, but in general terms, I think that although 55[%] of the populations are Afro descendance, we have few black people as top executives in the majority of the companies. So, and maybe because they have less opportunities to access over good education. And so, we face less issues as the US regarding racism, but of course it's something that is present around the country.

So, but of course it's a crime in Brazil. So, if you do any kind of racist act to someone else, you go to jail. So, and we have from time to time that people have this, unfortunately, this kind of behavior, but at least we guarantee there is a law.

When we are talking about… expand a little bit diversity beyond race, I think that we are still in a process even to understand what is the exact pronouns that we should address people from L G B T I Q community. Because of course there are so many different nominations and criteria. I think in general terms, what we have seen for the last few years is that people starting to get a little bit more open, but it is something that we need to work on, it is not something common. So, I just came back from Europe, from Germany and, especially from UK. So, the level of openness and freedom that people have in UK, I don't think that we have in Brazil, I think that people will have something against and about their behavior accepting them and so on.

So, we have seen a lot of cases about violence that people fight and not only fight, but also have some very deep acts of violence or we've the L G B T Q I community in so many cities in Brazil.

Okay. I, have had conversation with a previous interviewee and she sort of indicated that discrimination is much more intangible and much more hidden than it is, for example, in the US, because there it is very violent and very much on the surface and that in Brazil, there is some kind of neglect of this part.

Yeah, it's true. And, you know that one of the things that we realized that the previous presidential elections we had this thought that people were working for Bolsonaro because they were against about labor party. But it seems to me that part of them vote because they are the ones more on the right side of the population.

So, they are the ones who has these kinds of concerns. They are the racist and, and so on. So, it seems to me that it is the same situation that we face in the US whenever Trump was elected, the first time that people do not vote to Hillary because she was a woman. So, I think that this kind of mindset is still [present]. You know that Bolsonaro, the current president, normally advocates for military intervention and part of the population support him.

So, they have this kind of stamps and flags and t-shirts, and ‘yes, we support military intervention’

Military intervention where?

In the country. So instead of having a government, instead of having a parliament, we have the army running the country

As far as I know, he himself is from the military, isn't he?

Yeah

Okay. I have a next question about the reputational aspect, a bit provocative question. It is no secret that multinational investment management company Black rock holds about 5% of [company name] shares, now recently there has been an increasing negative association with BlackRock due to a consolidation of power and increasing influence on media and politicians to promote its own interest. What do you think about it? Is such a shareholder, a concern for the company reputation?

Yeah, but in the other hand, it's difficult when you're a publicly listed company to try to control, who's going to acquire your shares. So, in one hand, what we have seen is that… and it was one of the desires of the founders, because if you take a look, let's say probably 15 years ago, or less than that, 10 years ago, the founders had probably 70% of the price share and they decided to release these to the market.

So, the free float increases from time to time, which was great because then we can try to see about which are the investors funds that are going to acquire our shares. So, but yes, it could happen. I think that one of the concerns, as all, of course, all the other larger corporations is that the executives we have of course are very careful selections and track about all their actions inside the company. Now [also], outside the company. Glad that in the last few years, we do not have any kind of bad reputation from the executive that of course force us to make any kind of measurements to try to take it out. And even the members of the board of the directors. Also, we do not have any kind of issues in this sense, so.

I have read that they don't intend to take up a controlling share and so on, but still, you never know.

Yeah.

Okay. Then I have two more questions about personal experience and then that's pretty much it. Have you, have you got any particular personal experience on your mind that you would like to share where CSR/sustainability practices have affected people around you?

In, in what sense?

In a positive way, maybe you have seen some kind of transformation or somebody has become aware, or I don't know, the life of somebody improved…or the opposite, anything that comes to your mind.

[pause]

In general terms? Mm, let me see. [large pause] Can you go back so I can guarantee that I capture exactly the point that you want me to share.

Exactly. Have you got any particular personal experience on your mind that you would like to share where CSR practices have affected people around you?

So maybe I will tell you that in the past, and I face this personal experience that we have one of the executives that was new in the company. And inside her department,

there isn't a person that wants to apply for a sustainability position. And then these executives were telling to the employee ‘why you want to move to sustainability? Because sustainability is a department, whenever the company suffers any kind of crisis, it is going to be the first place that they are going to reduce costs.’ And of course, to reduce the numbers of positions and head counts.
And then four months later we have this conversation and this executive was… she asked me at the same time ‘why are you connecting all types of meetings? We're talking about benefits for the employees, you are connected. We're talking about environmental actions. You're connected. If you're talking about social actions, you're connected.’ And some months later we have these same conversations and then she told me ‘now I realize once sustainability is embedded in the business model of the company, that is the reason that you have all these actions transferred [integrated?] to all the different departments. And I was wrong about the statement that I made because here this company probably is not going to be the first place’.

It does not mean that we are never going to have any kinds of changes under sustainability because also what I have suffered as a personal experience, that from time to time, they shift who we are reporting to.

So, when I entered sustainability, we were reporting to VP, vice president that was in charge of human rights, culture and sustainability. Then we moved to the CEO. Then we moved to another VP that related to commercial. Then we moved back to the CEO. Then we moved back to the VP that is in charge about [inaudible] innovation and R&D.

Which means that… I think that in this sense, people sometimes cannot understand. And to be honest, I think that sustainability should be reporting directly to the board of directors because it's something that goes beyond even the agenda of the CEO, it's a value of the DNA of the brands.

Interesting. So, once it is internalized, you cannot get rid of it.

Yeah. You know that sometimes the investors ask us what is the value of sustainability for [company name] and normally we respond back saying that it is the value of the brand. We cannot disassemble sustainability from the brand anymore.

I see. Great response. And why have you chosen to work in the field you are currently in?

Yeah, to be honest, I think that I joined [company name] 2005 to work for a new business model that they want to create in the food sector. After four year, almost five years, we decided that we are not going to roll out the projects and scale up the projects in the way that we are thinking.

So, I remain one more year just to make a scale up with a small part of the portfolio. And then I was looking to go back to the R&D department, because it was my background and there is no position over there. But my former boss at the time was from Unilever. So, he told me I do not have any position available, but the other former director from Unilever, which is working for sustainability, it seems that he has a position over there.

So, I applied for the position and I shifted from R&D to, I was in marketing by that time, to sustainability, but I didn't know exactly what I'm going to do. The point is that once I have been working in a different business model inside the company, I need to know everyone in the different departments just to understand the procedures and try to adapt a little bit to the reality of the business model.

So, because of that, I knew who I should address those kinds of issues. And because I'm a food engineer by my engineering formation graduation, I knew how to split the. issues and try to ‘okay, how we are going to address this problem, how to create new procedures and so on.’ So, it was very easy and soft, this kind of transition.

So normally when I start saying that I'm… people say that ‘you're an environmental engineer’ no, I would like say that I'm food engineering, but then I shift to this sustainability, but it was, now I recognize it, was the best shift of the career that I could have ever done, especially inside this corporation that has not only embedded sustainability into the business model.

The founders are pushing all the time to have and to improve the actions that we have.

So, okay. So, you have said that you haven't had an idea what sustainability is looking like, right?

No. I remember when I share my email to my family that ‘oh, just need to know that I shift from the marketing of the food brand to the sustainability.’ My sister responds back saying that ‘what are food engineers going to do inside the sustainability department?’ And then I respond back to her that ‘I have no idea, but maybe in a few months, I can't answer to you.’

Okay. That's good. But what is your day to day working life looking like?

Yeah, when I started the main responsibility that I had it been one of the actions regarding carbon neutral program that we have established. And I joined 2010 this area, and there is a deadline to deliver reduction on the emissions intensity by 2011. So, my

initial responsibility, it was to accelerate a program just to try to identify if there are any possibilities to deliver the target on the time.

And by the end, there is no possibility. So, we decided to remain with the target, but just to postpone to two years the deadline to deliver that. So, my major responsibility, it was not only to have this diagnosis to set the roadmap and then to track the implementation of the roadmap.

Interview 6

Interview Duration: 1 Hour 1 Minute
Date: 19.08.2022, 17:00 (MESZ)
Interviewee Position: Sustainability Business Architect & Performance Lead

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Numerous studies [] of Brazilian scholars indicate to growing trend in CSR adoption among large Brazilian companies. How would you explain this rise of CSR, including sustainability by large companies in Brazil?

Well, CSR as a whole…I guess it started like in the 1930s, if we look to the economic patterns that started with [Carol?] and overall other [authors?].

But it has evolved since then in what we have now as corporate sustainability. Right? So, I guess we have been part of this whole vision since the beginning. So, in 1969, we were founded with the idea to integrate more natural ingredients into our supply chain as a whole, into generating products that were more connected to the wellbeing of our consumers.

So, our claim is actually wellbeing, which is part of wellbeing, which is what we understand as sustainability a concern about sustainable development and being well not only physically, but mentally using these types of products. So, we understand that once we had this accreditation from society that we can act, we should generate new solutions to them, so we understand that our product should impact society positively.

So, we've been part of this whole journey for many years now, we launched our ECOs line in the Amazon in the 2000s. So, it's been more than 20 years that we are working in this region and that we understand the importance of our standing forest for our whole environment and climate and all of the other issues related to social justice and everything.

But right now, I guess the market was really more… how can I say this? Warned[?] by the discussion of the pandemic and these types of systemic issues were now taken out of the carpet, you know? And now the firms are talking about ESG which is actually something that has been thought for more than 20 years now, and that they should have been discussed more broadly. And now we can see the importance and potential of a country as the size of Brazil with all of these natural resources and biodiversity in our hands and being able to do something with it and being part of this transition to a more sustainable future definitely is part of the talks of the biggest companies and corporations in Brazil.

And I understand that business is key, definitely for sustainable development as a whole, not only the civil society but I guess we will see more of the political agenda being involved in this field as well, because it should be part of our collaborative construction. Right?

How would you say, does the government encourage such sustainable actions? Do you collaborate with the government?

Do they, do they ask you for advice when they are formulating and designing their legislation?

Here at [company name] we work with what we understand to be our causes, not talking about [company name] as a whole, but we start three main causes, which is leaving Amazon: more beauty, less waste, and every person matters.

These three main themes of our critical key causes for our markets and for our materiality, as we understand, these are the main impacts that we can cause in the society that we live in right now in Brazil definitely have a way to work, not only with mobilizing different publics and being our consumers and civil society and our suppliers, third parties and our beauty consultants.

We have a network of 1.8 beauty consultants that work with us every day. So, this network also has the potential to engage our final customers into thinking more of why they are buying these kinds of products. And which is the impact in the whole supply chain overall.

We have another pillar dedicated to the causes that are referenced as [inaudible] structuring pillar. So, as we already put out our commitments to the public market, we have several commitments for 2050 as our vision for [company name] as also for [company name] we launched these commitments in 2014, we had our first targeting accountability in 2020 and part of the group strategy to also have a culture that generates positive impact, we launched in 2020 our [program name] as a group. And we have a new deadline in 2030 and with similar commitments between all of the brands. So, we can have a more harmonized target, right? Throughout this not only the causes that are priority to [company name] but to the causes that are also priority to the other businesses.

And the idea is to have the structuring projects that can manage to achieve these targets in the medium and long term. And the last pillar of our causes is definitely advocacy. So how to understand how we can mobilize the government and other non-governmental parties to work towards what we understand to be the sustainable future

and something in Brazil that has been an ongoing conversation for example, is the devastation that we have in the Amazon region, right? now we formalized our support, for example, to collect signatures as a popular initiative that we called [initiative name], which means standing Amazon. This aims to protect the Amazon and the traditional peoples to tackle deforestation. So, we have part of our [program name] to protect the Amazon side, it is very important.

And it's actually one of the priorities for [company name] as a brand, because we are a Brazilian brand. And definitely this theme is one of the most important to collaborate with the government and understand the actual data that we are talking about to mobilize the right people at the right time.

We launched a public portal that we call the [portal name] portal, so people can see the actual data of deforestation and utilizing data that is actually managed by the government. So, this is all a collaboration between what we understand to be private and public institutions.

Great. Very good. I was about to ask you about the [] program. I think I will just ask you this question, although it's thought for later. It concerns the [portal name] that you have established as well, your company program [] aims to achieve zero deforestation until 2025.

But considering that 2021 counts as the year of highest deforestation rates since 2006, according to [portal]. How [company name] wants to achieve this goal of zero deforestation? And how do you want to bring [portal] to the masses? How do you want to use this platform to achieve this goal?

Yeah, definitely. This is all an evolution in our [program] we have the statement to collect efforts towards zero deforestation. So, we understand definitely that the main goal for society as a whole is to just put our breaks on the devastation that we see every day there, but we are not the only one.

We are not the only company working in the Amazon. And definitely we are not the only ones that should work towards this final goal. So, to understand that what we see is that the collaboration definitely for all of our sustainability goals, right? For the UN our SDGs…collaboration is key.

So, the number of collaborations that we want to have until 2025 in order to try to stop this devastation at the same time, part of our projects and our business as usual supply chain also works with many communities more than 40 communities in the pan Amazon region. And more than 6000-7000 families every day. So, we understand that working with them, we can also conserve and preserve part of this devastated area and to

change their mindset into thinking that they can generate income by working with actives[?] and dry ingredients from the forest and not giving up this area to other big corporations that would devastate it.

The [portal] is being restructured right now. It was launched very recently, but we are restructuring as a new portal. What we are calling insight, I would ask you not to show up this naming, but we're calling that [portal name] 2.0. So, we can have a more, how can I say? A virtual reality world, to embark people into understanding this bigger impact, not only related to numbers, but how can we give a layout so people can understand more of these issues that are not well known in society as a whole, but as a Brazilian, I think that everyone should see what can be our positive impact in this kind of region and how to demonstrate projects every day that are being done there at the same time that we can see this devastation, but there are so many projects that are so important to the communities that live there that changed their lives. And people need to see this, so we can escalate these kinds of projects in a different dimension.

So, through partners who will also help to raise awareness in the region and as well in populations that maybe do not directly live there.

Yes, exactly.

I can imagine that legal deforestation is a big thing and that maybe even government illegal actions is sort of a problem that is very present there as well. How would you tackle this kind of problem?

Well, I'm definitely not the best person for you to ask because I'm not part of the living Amazon theme. But what I understand is there are many companies there we can see in the market that are having commitments only for legal deforestation, for example.

So, it would be okay for a company until 2025 to use illegal suppliers or use suppliers that are related to illegal deforestation until the next five years? No, we understand at [company name] that we only need to have one goal. So, if we were, we are not working, but if we were working with people that are illegally devastating the Amazon we would definitely stop doing that by tomorrow morning.

So, it's definitely something that is important for the overall society to understand that our actions need to start today, not five years from now. So, I guess this is the only way. And putting out our public commitments helps also maybe other people to see us as a benchmark company and to go towards the same direction.

I see. So, the zero-deforestation campaign sort of regards more the legal domain of the companies and the companies that you know, conduct their business legally.

Yeah, yeah, yeah, definitely.

Okay. I will move on to the second question. Besides of providing jobs and products, in your opinion, how is your company contributing to society?

Well, part of our causes that we have, so we can have many different discussions. If we talk about the living Amazon cause, we started working with this ECOs line as the standing forest was a claim since the 2000s, right now it has been very propagated. But we use this claim for, many many years.

We understand that this concept expresses the relevance of using traditional knowledge and our community's role in the region in protecting the forest and to recognize their needs for income regeneration. So, if we understand that, giving them the opportunities to have a stable channel of income that they can aggregate more knowledge and train others and invest and give more technology and technical assistance to this people that are very vulnerable in rural areas that sometimes do not even have access to energy or to basic quality of life themes.

So, I understand that we have been working since the 2011, I guess we, had maybe 3100 families that we were working with. And in 2021, we already have more than 88,000 families that are working with us. So, we are definitely changing the way that they are seeing their income every day and how that we can provide this bio economy structure in a place that never understood what is economy overall.

So, you're talking about education, right?

Yes, it's part of the literacy that they have the financial literacy also to understand what we are paying back to them as access and benefit sharing. [company name] adheres to the Nagoya protocol for so many years. We are now in a journey to put all of the other companies of [company name] in the same place.

But we definitely understand that we have to give back to our traditional knowledge and to our biodiversity, what we extract from them. So definitely it's a win-win situation. And for that, we understand that we have been conserving more than 2 million actors of forest conserved. So together with having more income our [methodology] for example Is a model of how we can understand at the monetary value of our externalities overall.

So, in the natural human and social spheres, and the studies that we conducted in the Amazon region with our communities show us that for every single real that we put in the Amazon region, we have back 1.6 reais to them. So, it's definitely a one to eight relation that every company can understand and use that to develop more income and quality of life to, to this region. And at the same time conserving this natural resource that is so important for the planet overall.

At the same time, we understand that we can also have our network, what we talk every day about the power of our network. Now we are working with 1.8 beauty consultants in Latin America overall for [company name] as a group, we have more than 7 million consultants between representatives of [company name] and consultants from [company name].

So, we understand definitely that this is such a powerful movement. We can engage all of these women to empower them and to understand what is their place in society and what is the power of having a product that can for example… how can I put? like a red lipstick on my face and be empowered on the streets to bring my cause to the front base.

So definitely there is a power in working what we call the strong complementarity of this big network that we work with.

So, there are many fields that we can talk about in the waste generation for example, we have been working for so many years, right? Since 2006 we are carbon neutral. It's like one of the first companies maybe in Brazil and also in the world to talk about this issue. We have evolved since then our inventory and we tackle the three scopes, the indirect and direct emissions, and we have been also strategically investing in projects that generate co-benefits in the regions that we prioritize.

So definitely 30% nowadays of our projects for carbon offsets are destinated to the Amazon region. And the idea also with our net zero program is to expand that and to evolve in what we understand to be removal carbon credits. So how we can develop ways to not only generate more income to this people and also to plant more trees basically, this is the most I guess the most advanced technological device to remove carbon. And we have to use that in our favor.

I see. Well, basically that's a lot of things that you have mentioned, but basically yes, the social sphere, the environmental sphere as well the topic of recycling of the materials you have touched upon. You mentioned the human resources and the human side that you provided living wage. As far as I know, it's four times the minimum wage established by the government in Brazil. And you have talked

about these families that you have had a hundred families, and then they extended I don't know, a thousand…

3000 to 8000. Yeah.

What kind of relationship is that? Do you employ them? How do you, how do you improve their lives? Can you tell me more about that?

Yeah, so they, they are not our direct employees. What you see in our [program] structure we have in the middle to be more human, let me just translate it the right way…
so, it's just to defend human rights and to be more human.

And so, we divide that into our people and our network as we are a company that works with so many different people every day, not only because of our communities, but also with our beauty consultants, we thought strongly to understand the measurable gains that we would have to create as a company.

So, we have mostly the same commitments that we have for our people in this case for the living wage, we want to close the gap until 2023 in all of our operations, right. And in terms of our network, we are developing right now, new ways of understanding the income of our consultants and of our communities. We have been measuring also their human development in a very specific model that we called the human development for beauty consultants inside our organization and together with the parameters that we understand to be the best overall for living wage slash living income.

So, we understand when we have a direct employee we are talking about wage and when we have our network, we are talking about income because maybe this is not their only channel of income. So, we have to understand also what is our representative part of this issue for our consultants. We are working with the same parameter as we work with our direct employees. So, we, we work with a database from the wage indicator foundation that actually updates their model every quarter. And we use their final numbers to understand how far are we from the results that we have actually as part of our sales based on this threshold of living income.

So, part of the calculation of the [methodology] considers not only the impact of the income that it generates overall to their quality of life, but in the other hand, how far are we to achieve this gap? And this is what actually generates negative impact for our company. So, this was a new way of seeing our business that we launched recently. And we intend to use this as a way to change internal decisions and strategic decisions from now on. So, it's very important that even companies that are very mature in their

commitments and in the sustainability field that they can actually rethink what they are doing to achieve even more positive impact.

So, we put ourselves in this position that we are very good. Maybe we are one of the best, but we can be always better. So how can we be part of this [inaudible] movements and to always keep moving and provoking society towards thinking better and generating more positive impact.

I see. Brilliant. Your [] methodology has a very scientific approach. I always taking a look through it and, you know, all of these formulas and so on. It seems like you're really trying to optimize the processes that you already have at a very good level.

Okay. So yeah, for the [methodology] I can also share you the paper that we have. I don't know if you have seen it, but we have a public paper with all of our parameters and considerations for the [methodology] that are very complete. You can have your insights on it, and I would be very happy to, to answer any questions that you have based on your read.

Okay, great. You probably mean the integrated report do you?

No, we have the integrated report, which is basically our annual report and there are two, I would recommend you to read both of them. We have the [company name] integrated report and we have the [company name] LATAM integrated report as a business unit.

Okay.

Apart from that we mention even the [methodology] on that, but we have another chapter that right now we are discussing, how to implement the [methodology] as part of the integrated report construction. There are many organizations talking about this, the value balancing Alliance, the I F R S institution SAAS[?] and many others into understanding how can we give this notion of profits and loss, basically our terms of accounting of our impacts in ways that this would be the new structure of an integrated reporting.

So right now, we are evolving in this concept, but we have to separate the reports. We have one for the [methodology] as a whole that we launched this year and we have another one for our overall annual reports and for our ESG targets.

I see. Great. So, you're also institutionalizing your new methodology and trying to make other partners and firms to adopt similar business practices?

Yeah, this is the idea. I mean, we cannot be the only ones doing this. We know that we were part of the [inaudible] movement of this type of accounting for impact. It started with Puma and authorities and many other companies in this matter. We understand that ours is maybe one of the most completes that we have because we tackle the three capitals that we understand are the most important.

And in many other teams, I can again, send you even the webinar that our CEO presented this new tool. And at the same time, if we want to use this as a parameter for the market to understand what is our impact and for investors and everyone else, we need other companies using the same parameters, if not, why being the only ones doing that?
It doesn't make sense at all.

Okay. I see. Let's move on to the next question. It is getting to the topic of country environment. What do you think are the main challenges, Brazil and Brazilian society faces today?

As a Brazilian, I guess there are really so many in the political field, we have many challenges right now. And also, into understanding what these issues can trigger many different movements in our society. So, we have a very separated country in a way that we are thinking either extremely right or extremely left.

And we need to understand that we are one, we are working to our life as a whole, and as a country that has been thought to be the potential new, big potent potency. How can I say this? And to understand that really when we talk about our social issues and our environmental issues we need to have one very specific goal and we cannot change directions between governments and overall this is a very big issue for me, in understanding how we can join forces maybe with other industries that can have the same the same ideas and the same mindsets that we have. So definitely collaboration is something that we are seeing right now in Brazil, but we have to see that working more and more often.

Also, how can we develop internal champions, for example in our different companies and institutions and civil societies. So, these people can engage and mobilize others and to trigger this idea of how to make systematic change a reality. So definitely this is something that we have to keep. We have many activists that work in many different institutions and regions, and, and they're so important in this idea of systematic change, but we have to use them better and protect them because Brazil is one of the countries that most kills activists actually, so we have to change this reality and use this power for the greater good.

Exactly. Yes. So, you have touched upon disparity as the main topic, if one could say so. And what would you mean by systematic change?

By systematic change I understand that we have to have a new language overall in companies when we talk about being or achieving our final result.

I understand that the monetary value with the capitalism is it's such a powerful movement and it has been such a powerful movement that in the middle of it we forgot what is the meaning of developing and into understanding what we can achieve into our communities and working models.

So, I think that part of the systematic change is to move from what we understand as development or expansion of our economy versus expanding our quality of life as a whole, and change this concept of quality of life that was installed by capitalism in a way that we understand the simple things better.

So. In a company, for example, everyone should start talking about the language of impact. We had so frequently, right? Our financial teams discussing with, as you are talking about corporate social responsibility, it has been always a fight between sustainability and finance, right?

Oh, that's, interesting.

And what [methodology] brings as a tool maybe is a way to put everything in the same page and talk about impact. It's not about only generating monetary results. It's about what we are generating as a whole to society. So, once we have this, maybe we can understand what is our main gaps and issues that are more Important to be tackled.

And, and when, because when we see the SDG goals, they're so important, they're already like a very important checklist that we have to achieve for sustainable future. But at the same time, I don't have the dimensions. I don't, I cannot prioritize them. They're all super important. So, how can we start doing this in a more organized way?

And this will bring systematic change. This will show how we are evolving and, and having a way to not only for companies, but also for countries to show out their performance into achieving these goals is definitely a way to engage more the society overall into understanding what we are doing here and what we are impacting only by breathing out every single minute, every single second of our lives.

I see. Very good. So systematic change is to come from the consumer to the conscious consumer, to change this raw economic philosophy into something

more sustainable and especially to quantizing the impact. This is exactly what you do basically with [methodology]

Yeah, it would basically what martyrs[?] used to say, right? To expand our liberties. So, we were put out in a box, right? Into understanding that our liberties are limited by what we gain and by what we generate as income. But actually, there's so much more apart from that. And how can we as the most intelligent life form on earth generate… as positive impact shouldn't be limited to one single value which is money.

I agree with you. You have mentioned that there is this profit slash CSR tension going on. Would you say it also exists at your company where maybe there are tensions between shareholders and stakeholders? Is there such a thing still, or would you say you have overcome it as a company, at least as your company, which is, you know, among the most sustainable in Brazil?

Yeah. We are very, definitely very mature, but I could never say that we overcame 100% what I can say is that the more that we bring out of actual facts and data. This can support what we are talking about. So, we need more databases that can help us in society into understanding these types of impacts.

In other parts of the world, we have many institutions working with it, but even those we use as reference do not have the singular data that we need maybe for Brazil. And these are the things that we have to evolve and expand every day in our day to day business. So, I think that putting out commitments that are actually achievable and that are real. This is super important.

I mean, we have been working with long term targets for many years. And I think this also supports our investors into understanding that we have a robust strategy into achieving them. And also, it permits them to engage in internal discussions and strategic directions that are based in other dimensions and not only in economic value. So, when we put out a project that can generate structural differences in our, not only [methodology], but in our carbon emission system, for example we understand that we have… we need to have a stronger debate with our management and high management team into understanding if that is the only option.

Once we do not have this metrics and indicators installed we cannot move towards what we understand to be systematic and transformative change in the company. So, we already have been working on a performance-based report. It's a quarterly report based that we have internally for our [programme] and not only for our business units, but for the whole group.

And we understand that giving out these tools based on metrics and actual data can give more information to our leaders into understanding what is actually their position and their role into getting into our final goals in five or 10 or 20 years. So, it has to be a collaboration.

We cannot talk only as activists, as part of the sustainability area. Sometimes we need to have different, difficult decisions, but always looking towards a long-term goal.

Interesting. You talking about difficult decisions. I wonder what role does inflation play in this? Because as far as I know, there's quite some great annual inflation around 10% in Brazil. As the company is making probably its major income in Brazil itself, how does inflation integrate in your value structure? Doesn't it create pressures to make profits?

Definitely, definitely. And how to understand how we can put profit harmonized with our other annual targets for sustainability is definitely such a huge challenge. And we have teams that are working every day on it, into understanding what are the possibilities of work streams and structural projects that can manage us to achieve both.

So, this is the whole part of the conversation that we said previously about a growth, right? So, what is growth in the view of our company? is growth generating more positive impact? for that maybe I will have to reduce part of my portfolio in the future to make it more sustainable, more efficient.

And these are things that we are always trying to rethink into thinking if these products that we had like for the past 10 years are still the ones that society needs. So, one example for this is our [] project, our agri-forestry systems that we work with an institution based in Brazil.

So, we could cultivate Palm oil in a agri-forestry based system which is thought by history that could only be cultivated in monoculture. So, we understood that no, we can cultivate this with many other species that can generate more revenue to local communities and actually give a more quality fruit oil.

So, innovation is part of this whole conversation. I understand sustainability as the new innovation name actually, because once we have this installed as a way to be more efficient, to generate less waste and to generate more positive impact, then we are like in the state of the art of our business. Right?

And also, it's part of rethinking our business model. So, we have a whole new way of taking a look in what we are generating as a business. We have been a direct selling company for many many years. Now. We are understanding, for example, what is the

power of digitization of this consultants and how we can use this new tools and gadgets into generating the better results and into informing them better into relating to impacts in the three spheres that we talked about, our main causes, for example, and into showing them into our final customers, which are the products that we generate more gains to our society as a whole.

So, this I feel like It is part of a very big discussion, but only by taking a look into what are our priorities for the long term in a sustainability-wise, we can generate a profit that is basically more positive impact related. So, at [company name] we don't understand sustainability strategy apart from the company strategy.

We actually have a transversal understanding of this strategy as part of the business models that grew out from it. So that can grow out from it.

Is this also true for the shareholders? because it's still a publicly traded company.

When we have our quarterly earnings call with our shareholders, we actually have a chapter only related to our [programme]. So, most of our actions are always related to our long-term goals and into understanding that we are a company that have been successful in achieving previously sustainability, long-term goals gives them the idea that they can be protected somehow by our overall strategy.

So, it's definitely something that we have to take care every single day. So, we never have a step back and not only for [company name], but for all the companies that are in markets right now being indexed by sustainability indexes, not in Dow Jones or in Brazil and many others. Into understanding what is their potential in actually achieving the goals that are putting in the market?

It cannot be only about beautiful words and phrases, right? If you do not show them that you are actually achieving what you're supposed to, you will lose their support. We have always to think about what we are bringing up to the market and, and to provoke them actually into putting these long-term targets that are super, super challenging, but they're, able to be achieved.

So, another line of example, that we used as a way to also engage the market is our sustainability linked bonds where we used $1 billion for our strategies for carbon and many other sustainability actions. But definitely there, we put out two main targets that are related to our sustainability metrics which are post-consumer recycled material and our relative emissions.

And this is a goal to 2026. And this can show if we achieve this, definitely this can show to the market that we are able to do both, to give them profit at the same time that we are generating positive impact to society.

I see. So, in a way, the long-term strategy acts as an airbag for the investor, and obviously you also proving it to the investor periodically by reporting to them.

Great, great, great. I will move on to the next question. This topic is about CSR as a vehicle of institutional change. Obviously, companies have to act within the rules defined by national laws and standards defined by supranational institutions like the UN, like the international organization of standardization and so on. However reversely does the company impact these rule makers through their CSR practices. Does nada impact those who set the rules for them? Do you collaborate with the government?

Yes, with the government specifically is part of our advocacy strategy for the causes. There is not a line of collaboration that is fixed, for example, that is that is part of our business usual strategy.

But definitely when we understand that we should impact in a new rule, for example, the bill that we spoke about the living, the standing Amazon, it is something that we understand that we have to be part of once. We want to collect efforts towards zero deforestation.

At the same time, yes, we are part of the O E C D discussions in Brazil as part of the [inaudible] group which is the commission, let me just give you the, the correct naming in English…

So, the sustainable development for the corporate board in Brazil. We are part of this group. We are also part of the global compact group and part of the companies that are collaborating into achieving our SDG goals. We are parts of many discussions in the world business council for sustainable development, actually, Keyvans team is doing this approach into our [methodology] we use concepts and we are part of the advisory board of the capital's coalition board. We talk frequently with the value reports Foundation into understanding what is supposed to be our new integrated model of reporting, our impacts. We are also part of the B Lab team. We are actually the biggest B Corp in the world. And we have been part of this movement since 2015, I guess or maybe 2014 was our first assessment.

And then we embarked in this journey together with the B Lab team. So, there are always advisory groups talking about how we can understand better, not only the data that we have from our reference institutions. So, for example, using parameters of the

wage indicator foundation as reference for our [methodology] we engaged the B Lab team to consider them as one of the best bases that we have on the market right now.

So definitely this is whole part of this collaboration and discussions. I mean, when we talk about SDGs one of the ways to achieve them, actually there are two which is collaboration and multi literality these are things that we have to put out on our day to day business to make all of this work.

I see. Yes, obviously, if you want to achieve things like zero deforestation by 2025, for instance, you have to put the forces together, let's say, and you have to yeah comply to all the existing standards and collaborate as well with the according institutions.

But at the same time, as a company, we always put our bar higher. I mean, many of the things that we do are voluntarily and we don't do that because an institution asked us to do that. For example, our GAEG [?] protocol reports have been voluntary since the beginning, since 2006.

And our 100% compensation of emissions is also voluntary. So, we understand that this is part of the way we do business. And not only about what is the market saying that we should or shouldn't do.

Great, but by doing it, you sort of define what the market should do. You know, you're setting an example and you're becoming a pressure for the others, and then they have to comply to what you do. So, you are setting the bar, you are setting the bar high and the others sort of follow. Right?

Definitely.

Okay. I move on to the next question.

I'm sorry to ask, but do you think it will last too long still?

Let me see. It's been one hour. All right. I have 1, 2, 3, 4, 5, 6, 7 more questions.

Maybe. Can we maybe use the next six minutes because it's gonna be also lunchtime here? I'm actually at my lunchtime.

Okay. Okay.

But if, if there are too many questions left, maybe I can answer them by email or something.

Okay. I will just move on to maybe one last question. In your opinion, does CSR conducted by [company name] a role in shaping collective thinking and behavior? And if yes, how?

Yeah, I mean, this is all part of the discussions that we spoke previously…[inaudible] proving that this is part of the new behavior of our teams is that we actually we supported our HR team into putting out a new priority behavior for our teams, which is its only innovation if it generates positive impact.

So, every time that you think about something new you would actually think about what is its impact related to the previous solution that they had, not only for products, but also for processes. So, we understand this is a way to generate a mindset that actually works together. To our final goal, right?

Because when we think about innovation, most people that work with it actually says that if you have an in innovative mindset, you don't even have to have a department of innovation to work with it because everyone would be talking about the same mindset and the same way of generating new processes that are more innovative and more disruptive overall.

The same thing happens to sustainability in a way. And it's the parallel that I also spoke previously that sustainability is the new innovation. And if we want to do that, then people really have to have this way of talking about this language.

Every single day, we say in Portuguese, it's a slang. Like we don't want to talk sustainabiles, which is like sustainabilisch for you in German, maybe. We want to talk the same language that everyone is speaking in their businesses, so they can understand that this would generate better results for them at the same time they will generate better results to the planet and to the society.

So definitely this is, it has to be a bottom-up behavior. And not only a top-down commitment that we want to achieve at the end, it cannot be a talk that it's only in the high management teams. It has to be part of every function that we have in the company.

Okay. Exactly. Bottom-up. I see. But that is inside the company, but how would you say it impacts ordinary Brazilians collective thinking and behavior, outside of the company?

So, ways to do that definitely is by having a channel of communication. So before going into our civil society and our final customers, our consumers we understand that we

have this big network of 1.8 million consultants. And for that, we have a communication hub that works with them every single day into updating what is the idea that we want them to understand our products better and to bring this same mindset to our final consumer, that actually is part of the civil society.

So how to do that is having many types of communication channels and talk in the way that they can understand, we will never have one final, the best communication standard for everyone. We need to talk their language. We need to talk the language that the public understands differently into achieving our different goals.

So, this is one of the ways that we talk about with our consultants, with the communication hub. When we talk about civil society, we have to be part of big movements, for example we are now in rocking reel[?] and that will be going on from the middle of September, I guess, starting. And it's a big show that mobilizes the whole country and it's a spotlight in the world.

So, we are going to talk about standing forest as part of our way to mobilize more people into understanding that this is the way to protect Brazil, to protect our communities that lived in the Amazon region. So, we have to use this big society movements in our favor and, and there are many different ways to do this.

So, I really don't think that there's just one discourse that we will have for everyone. We need to tackle everyone differently and different publics differently.

Interview 7

Interview Duration: 1 Hour 10 Minutes
Date: 08.09.2022, 19:00 (MESZ)
Interviewee Position: Social Responsibility

[…]

[introduces himself] …to do an internship as a HR business partner. So, when you talk with me about environment… company environment, for me it is nice because I had the opportunity to work with the environment, with [company name] environment, like in the offices. So, I had to be all the time listening. What is going on in the company, in the offices to then bring to those employees, how can we make like our job better and better? Bigger and better all the time.

And so, pretty much I was doing something nice to help people to work much better. And then I don't know if this is what you are looking for, but look, I was doing that for just one year after that I went to [institute name]. That's like the social department in [company name]

So, my job today, it's like to promote, to do volunteer working.

Exactly.

So, I have to promote volunteer work with all the companies in Brazil, LatAm and USA. But there is a point in all of this, because when, for example [institute name], when I speak [institute name] do you understand? it's like instituto…

[repeating institute name], right?

Right. Perfect. Perfect. Okay. So, we were born in 2003 and since then we have been working with the community. So, what do you do? Actually, we are in Brazil, in certain states and then in one city in each state. So how we have a company industry in one of those series, we also think that we should be doing something social for this community as well.

So, what do we have? we have a website in which we explain our goals with which we are working, things like that. And then for example, a foundation, an institution can go to our website and out a fill form that can request something.

I Douglas, for example, I am from a social [public?] school in Brazil. We don't have a lot of money and our library is not that good. We'd like to change our library. So, what do

the foundation do? They go to our website, fill out the forms and request something. So, I can request books. I can request products. I can request everything that I want.

So, material things?

Yes, all the materials, some materials as I look, are money. I just need money to do something in this foundation. Or I need like [company name] products, like materials that we produce. This for us is much better because we have a much smaller cost than when we give we give the money. So that's pretty much how [institute name] works.

But last year I came into this department to promote the volunteer work. So, my job today, is first of all building a structure. So how we can do volunteer work in all the cities that we are in, and also in other countries that we are, because there is a movement in Brazil, in [company name] nowadays. It's like in Brazil everything is okay, but looks like Brazil is different from Latin America, it is different than in the USA. So how can you make a movement to bring the system, to bring everything to one, only one [company name]. So, for me today, how I think about 'ah, if I have to do, for example, in October next month, we are going to make [company name] volunteers' day.'

So, it's not only to Brazil. I have to do for all the countries that we are in. It's like, how can we have today a mind that thinks about everything. I'm not thinking only for Brazil. I'm not thinking only for Santa Catarina, that are the states that I am in. No, I must think about everything for everyone.

And that's basically the point. And then today I'm doing this structure. Okay. It's not that easy because I have to consider all the points from each city that we are talking and how can people… what is our goal? What we can do, what we cannot do? then we have all the materials and also, we have to make a [inaudible]. I don't know. It's like a document that we have to publicize inside [company name] to say that is the program… Our volunteer program works like that. [Institute name] responsibility is this. Our HR responsibility is this. And then after that, we can have all the document and materials necessary to do our job very well.

That's not so easy because as I told you, I have to talk about with a lot of people and different departments, but it's nice because at the end of the day, it's a job that… at least for me… it's really, how can I say, it's a nice job in the end of the day and helping young people that really need our help.

If the company is doing it because they love it, I don't know. I just know that I do my job because I love it. And at the end of the day, I can sleep on my bed and think 'okay, that job got a point'

You have purpose in the job, you're helping people.

Exactly. That's the point. Actually, I'm a mechanical engineer, but I never, I never, I really don't know why I chose to be a mechanical engineer. [laughs] I don't look like a mechanical engineer, but at the same time, I think that the experience of studying mechanical engineering was very nice. Generally, the engineer for example, I hate the mechanical part, but I like the engineering. I like the mind of the engineer. How can we solve problems? How can we can bring new solutions to everything that we do? And that's the point, I'm not a mechanical engineer but an engineer.

That's the one case. And I will bring out that I have the opportunity to study in my job. And so, for example, I need to bring indicators…I need to bring indicators. I really need to make those things happen. And then, because for example, when we talk about volunteer work, many people in Brazil do voluntary work, but here, because I am like a corporate chief guy and our team is based on three people…

Three people, only?

three people only here, but we are in seven states in Brazil, in nine countries in Latin America, in the USA…

Three people for everything? [surprised]

For everything. So, it's like impossible. first of all, it's impossible, because I cannot bring new solutions from this office to a city, to a country that is totally different than my reality. So, I cannot… Okay, there are some actions, some things that we do in a company way that goes from the top to the others.

But when we talk about voluntary work, we have to understand the context of the institution, the fundación… Do you understand? So, when we have to create our volunteer action, we need to talk with the institution, we need to understand what's the law of the institution.

How can we help it in a way really, really nice? And then we build everything together. We never do something like 'this is what we would like to do in this foundation' [imposing] No, sometimes we have the idea. So, 'I really would like to use this in your institution. Is that possible?' And then after that we build something that makes sense to the company, to the institution.

And that's the point. I don't know. How can I help you? I think that how I'm speaking English it's like I'm not having a line of thought.

No no, it’s good, don’t worry. I think you put yourself down, but your English is fine. You articulate yourself well.

Well, perfect. So, as we are only three people, as I told. But we are in everywhere. We need some other hints to help us. Then we help our facilitators that are people that work at other jobs. It's [company name] employees that for example, is a person that works in another department, but does volunteer work for [institute name].

For example, you live in Rio de Janeiro. You do another job. You were not employed by [institute name], then I talk to you and I try to understand if you can help me with the activities that [institute name] needs to do in Rio de Janeiro. So, you are a [company name] employee that is doing voluntary work for [institute name] and at the same time, you have to think about everything. So, you are like the person responsible for the volunteer work in the unity.

I see. So, you have a network of people that help you?

Yes. For example, in Brazil, we have like 18 people that help me to do my job actually. So, I'm here. I have to be with everybody. But I'm never with them. So, this is very hard. Why? Because my job…

A lot of responsibility, a lot of coordination, a lot of different tasks that you have to do at the same time in different places.

Exactly. But the worst point is: I'm not paying that person to do my job. You understand? to do, I mean, I am saying that he has to do…

So, you cannot demand them to do it well, right.

But at the same time, my job is not very easy to understand. It's very, very, very nice. There is responsibility around my job, so the most difficult point for me is how can I engage people to do our job that's not less, it's a lot of job, but at the same time, that person must be doing the… because we have to understand. If I do my job now for example and I have a boss that pays me to do this, but at the same time, I have to help Douglas with a lot of things, with the volunteer work. And so, the worst point for me now, my challenge now is how to engage people.

How to get people into helping out…

So, here we talk about committees. Do we understand committees? These are like groups that are in each city that we are in and those people help us. So, for example,

today in our structure there is a leader. When we talk about volunteer work, there is a leader.

There is a hierarchy with [institute name] on the top. So, from here [points to top of an imaginable triangle] and then in each city, we have one employee that is responsible for the volunteer work. Below him there are three more people that are responsible to help that other person.

Okay.

Because we cannot give a lot of jobs for just one person. So, there is a lead and then below him, three people, one for communication, one for engaging and another one for, how can I say?

[trying to guess from his gesticulation] accounting? or something like that?

Pretty much like accounting, for example, if I give you $5,000, you have to give me all the materials that prove that the money was used for this. Like picturing and then documenting.

And then we have this structure a lead person, and then below him three more. Why we do that? Because we can, as I told you, we were putting a lot of jobs in one employees' hand, this is crazy. And now we have a structure that can help us to do our job much, much better because if there is some point, if there is something that I need help with, communication, for example, I know who I can talk to. I need to talk with Filipe because he is responsible for the communication in [company name] Paraguay, for example.

I see.

And then now it's getting better. And the most important point for me right now, is: I'm creating like a [inaudible] and then [inaudible] above the program.

It's like, those people are volunteers, but at the same time, volunteering for us, for the company, it's a really nice way to develop people. So, for me, when I talk about volunteer working, I encourage this journey, the volunteer journey, that it's a point to look at the volunteer in a way of development.

So, this person now is beginning to do our work. How can [keep in touch?] with this person for the whole year? What can I give them to make that person more engaged, more happy the environment, workplace…

I see, so you have to look for the satisfaction of the people? And what about those people that you help? How do you change their lives? You would say?

Yeah, that's the point for us. It's an indicator, very crazy. I don't know how to say, because when you help, we talk about, for example, there are some simple indicators that you can use.
How many actions, how many institutions that we were working with, how many days, how many hours of volunteer work we are doing. But when we talk about the development, the things of how these actions really were achieved, whether these action that we did with the community were effective, whether it had some impact or not, whether yeah.

So, we use forms, Microsoft forms that I create as well. So, after an action, we try to understand actually how these really move it point in the institution. So, for us, it is much more about talking than numbers. Understand? because it's not an indicator that you can show with numbers.

Yes. Actually, we, if you can…

this is exactly what I'm interested in because the numbers are all on the website and so on. I really want to get your genuine impression on how you influence people and how you maybe change something. I don't know. So, this is very good that we have this kind of…

Yeah. This, for me, it's a really interesting point because I really don't like quantitative achievements. There are qualitative and quantitative [achievements]. Quantitatives are easy, they are just numbers. But the qualitatives are really hard because it's like, we are talking about emotions. We are talking about timing. We are talking about, how can I say, what are not tangible things. And then this is a point that I try to understand with a mentoring program that I'm doing now. That is: how can we make these quantitative indicators?

Because this is what moves the point. Because for us, it's much more about the [deployments?]. It's much more about the farmers, what they are feeling.

Maybe you have to ask the people of their impressions, or maybe what have changed doing some interviews or something like that.

Exactly, exactly. But there is a point as well, that, for example, when we do something with products [company name], it's more like we don't have those numbers, but at the same time we are talking about health.

And then, when we talk about health it's because many people in Brazil don't have like tubes that make the water get in their houses. It's like terrible, so terrible that it's crazy actually. For example, where I live today, 85-90% of the city has the tube at home. But when we talk about the north of Brazil, for example, it's just like 10-20%. It's like 90% today in the south and 10% in the north.

How do they get water, how do they use the water then?

There are many, many ways that they must do. For example, now we are talking with an institution that has some recipients that don't have water. Their states don't bring water for them, but they have like recipients where they must put water all the time.

For example, they have to buy the water. They have to ask for people to bring the water for them. And then they are putting in a recipient and use this very carefully because it's impossible to expand water. So, there is no way. And then now for example, we are, which is some professional, working in like a structure that can make decapitation of the water.

Yes. Yes. I have seen this from UNICEF, this program that you had, to the schools that you have provided 500 sinks for schools.

Yes. But these are only sinks. We are doing now a project that's very much bigger. It's like a big structure that goes in the whole institution to make the [capitation?] there to bring reserved water and put water together. For example, there are tubes that wanna put water together. Its rainy and then the raining water will go to… they collect it. And then the tubes are gonna put out the water in the recipient that the institution can use daily in a way that they would like.

And it's like, how can I say, it's a structure to safe water. That should be what's supposed to be provided.

Yes, because it comes from the rain basically. Now you have a big cylinder type of thing and it all comes together, right? [making some kind of cylinder-form gesture]

Yes. Pretty much like that. Pretty much like that. It's something like that. And that is it. For example, for me, it's very important. It's very important to understand how can we help those people with our products because we have so many really nice products that can help them with water.

But the challenge is really hard because we are talking different regions, states, really, really far away from [where I am]. And also, we don't have a lot of employees that can help us. Our challenge here is very big.

I have seen the report, you're mainly active in the Northeast..

Yes, sure

It does need most of the attention because of poor infrastructure or why is it exactly the Northeast that get so much attention?

Actually, I don't know. I don't know. I really don't know. I'm talk about something that I think that is possible, but I think that this happens in every country in cities where states invite some companies to work in the state paying like [a?] tax. Understand? I think that this is the point why we are at the north east of Brazil. Because, for example, we are in Manaus. Manaus is a big region [inaudible] the tax of the tax for any industry it's solo…

And then there are a lot of industry over there and we are talking about 20-30 years ago. So, I think that this was a movement of the state to improve the region.

So, they…exactly, because I've seen in the report as well, that the main source of financing of these activities is the tax relief.

Yes.

Is this associated with the Manaus region specifically? Or is it overarching national thing?

I think that's associated with everything, because… for example, we are talking about our industry, our industry works with [plastic?] and then for example, in Marrecão there is a city that is in Pernambuco. Do you know about Pernambuco? Have you ever heard about the state Pernambuco? There are [company name], there is Amanco, there is Crona, they are all our competition. Hence, the companies that sell the same products as ours.

For example, in all those cities, there are companies really similar doing that. So, it's not only for [company name] it's for all the industry that works, for each brand. So, there are people who go. Actually, I don't know, but it's really common Brazil. We are in industry cities because the taxes are much less than in other states.

But I wonder how does it work? because you finance yourself from the tax relief. So how does it work that you get the money in the first place for your

volunteering activities and for the spending, for the things and so on… where do you get the money from? How does it work?

How do I get the money to work with social volunteer work in those cities, in those regions?

Yeah. How, how do you get funded? How does it work? Exactly?

Actually, here it's pretty much like in… there are three ways of getting money. One is from the [company name] And so I think that month by month they give you a quantity of amount for social works.

And there is another point, we use here a lot of… there is a program that is talking about recycling. In every company that we have, we have a recycling program that all the money that we make by recycling things is converted to [institute name] job, actions, work. Understand?

Ah, so, all of the revenues from recycling…

Get's to us.

I seen but the proportion of the money that you get from the company is very small compared to this tax thing. So how does exactly this tax… let me see. I've written it down. Tax break have been the main source of financing. Could you tell me more about these tax breaks? [laughing]

Well probably the company gets a tax discount for doing their work there, productive activity and this discount that they get from the government they use for the [institute name], right?

This is another point and we can do this as well.

For example, in Brazil there are these leis de incentive (incentive laws)

We have, for example a tax that every person in Brazil has to pay at the end of the year. I think that [in Vienna?] as well, but every company also must pay this tax. [joking] It's like a tax just because you exist in life.

And then what in Brazil is possible to do, when at the end of the year we have, for example, [company name] must pay 1000. It's just an example. [company name] must pay 1000 to the government. []. But what the Brazilian government does, as [company name] company, I have the option to use 9% of this amount to use for social works.

But I can use this only for education? No, in this 9% that we can use with social work, we have to use at least 3% education, 2% health 1%... understand?

Do I understand correctly that you have to pay a tax, but you can also choose to direct this money to something for the social sphere, right?

Yes. But, but only 9%. I cannot use all the tax, a hundred percent of my tax. I am gonna do that. No, no, no, no. It's only 9%.

Okay.

The point is, this has to happen every end of the year, now in [company name], it's about every three months, we have decided to pay this tax,

But voluntarily?

It's not voluntarily. For us, it's like our option. You can choose to pay only one time in the end of the year, or you can choose to pay in steps.

I see. It's, it's an option.

It's an option. And then for us, now we are doing this job every four months. So, every four months we know how much you have to pay for the government.

Also, we can use 9% that amount to use for social work. And then we have one company that helps us to find projects to do in Brazil. For example, if we have three, if you can use 3% for education, there is a company in Brazil that help you to find any projects that work with education, with incentive laws, understand? and this is, were us much important, much, for us very nice and very important, because for example, now we have, we can choose where our money is going.

So, we are sure that the money gets in a project that we know about. Before we just gave the money to the government and then the government did whatever they want. And now we know exactly which company, which is institution we are helping.

Only for the 9%, right?

Only for the 9%, only for the nine %. This is the incentive law only for the 9%. And this is also separate. And it's also important for us because these projects are projects much bigger, that it's like really bigger project that you have to pay a lot of money to be part of this, as our taxes are high as the project, we can use this opportunity to impact more

people around Brazil, understand? Because the project is much bigger. We can help more people and our impact is much better. So, for us, this incentive law is one of the best options that we have to impact real people in Brazil. But also, we have a money that comes from the company
that is most for the project that, remember I told you that we have a website, that foundation can fill out the forms. The money that we get from the company, most of this amount is selected to help those projects. There are projects much smaller. They don't get a lot of money, much smaller than the incentive ones.

I see. Is this incentive law new or has it always been, how old is this?

I think it always been no, but I think that it's getting used to []…, I think that there are a lot of…I can search this for you

Because your Institute works from 2003. Has it always worked like this or?

Oh, no, no, no, no. I think that we began working like this 10 years ago. I can ask my boss later, he knows how many years we are doing that, but I think that's not for the whole time.

I see. Okay, great. D., I wanted to ask you how much time do you have, because I have quite a few questions here for you, and I don't want to take all your time if you don't have it.

[chat]

Many studies [] indicate that there is a growing trend in corporate social responsibility among large Brazilian companies. How would you explain the rise of corporate social responsibility practices by large companies in Brazil?

Actually, that's probably, it's one of the most important things that if I'm not wrong here, I will try to reply you.

The thing that I understood. I think that cooperation is one of… for example, in my job, I do everything with cooperation. So, I have many other companies that do the same as me. And I try to understand how they do those things and how can we make a job or work together because there is a sentence that says ‘nothing, we don't create anything anymore.’ Everything's like sustainability, things like that. And I really understand, I really believe that we can be better and bigger if we are together, so I’m going all the time trying to invite other companies to do the job that I do, how can I help with them? Doing something like that. So, I think that's the future, cooperating is the future…

…Corporate social responsibility by that I mean everything that firms do to help the social environment and the…

Corporate social?

Responsibility.

How do I think that it is important?

How would you explain the rise of corporate social responsibility in Brazil? that more and more and more companies adopted and try to help around? How do you explain this phenomenon?

The point is, I work for a private company. But if my mind is totally different than what my company thinks. So, if you ask me this question and I will reply you right now, it's possible that that [laughs]…

No, no, no, no, no, don't worry. I will not use your name. I will not say where you work. This is all anonymous. You speak for yourself.

That for me, it's like, I think that we fail as a human being. We fail, we don't do our job very well as a human being. And so, I think that… [excited, laughs] that question for me is really touching because it's like, I don't believe its growing.

I just believe that it's growing [CSR] because it's money for the company. It's more merchandising, it's marketing. It's [valuables]…

You think people do it because of a profit?

I don't think that people do it because of the profit, but I think that the company does it just because it's a way of getting more money.

Mm yes. Makes sense.

Yes. Yes. If, if, if they had to choose, okay, I'm gonna help those people or I'm gonna buy a new machine for production. Yeah. Okay. I'm pretty sure that we're gonna choose the second option. But like nowadays we have to think for the social, for the environment.
For things like that. And so, I think that it's growing just because it's about money. We are talking about money and we just need more money and it doesn't matter if they are employee is [feels] bad, the mental health is bad. I think that's just about money.

Basically, everyone expects companies to do it and the company's therefore do it because they want to survive?

I think that's for the community that support thinking 'that's really nice' or 'they are looking at us'. But I think that the companies just doing that because it's money and but at the same time in the middle, there are us, the employees, and I think that we do our job really, really nice. It's like, if I have to do a voluntary work, am I going to do it, because I believe in me.

So, when I talk about the company, I don't think that they do it because they are good.

Yes, I see. Okay. Great answer.

But look, I work in a really nice place. It's really nice to work in [company name], a company totally different than any others in Brazil. It's so human. It's a human company. That's real.

[joking] Don't worry. I will not report your answers to the management.

No, you just try to understand... Okay, perfect. Okay. We can go.

What do you think are the main challenges, Brazil and Brazilian society faces today?

[pause]

Oh, Jesus. It's like it's difficult because like… have you ever watched news from Brazil? And so, if you talk about politics, it's like terrible. We have like the worst president ever in life. And look, we have already had dictators here. And it was so bad, because they are dictators, but like Bolsonaro for me...

And then when you talk about the most [biggest?] challenge, it's like, how can we… desigualdade social. So, there are many people that are so [searching for the word]

Poor?

there are a little people, very rich, and a lot of people very poor in Brazil. This is the word, the challenging thing you know…

How to balance the things out, right?

Yes, how to balance the social way of living, way of opportunity, way of having things that everybody should have, that is desigualdade social, let me just…

Disparity, no?

Social inequality.

Why, is there social inequality? What do you think? What is the, what are the reasons? Why is it this way?

The biggest challenge of the Brazilian population. You mean, why I choose it?

No. Why is there social inequality? How could you explain it? What are the reasons for it to happen? Why do some people have a lot money and the others don't have any money?

Actually, because it's okay… [pause] We are not like you guys that came to explore the world. You guys, for example, Spain… when I say 'you guys', I talk about Europe. We talk about Portugal, Spain, French, that went out many years ago to discovery new worlds.

And then we were colonized. And so, when you ask for me this question, I have to come back to many, many, many years ago, because we are colonized. And then for example, we [inaudible] [don't have?] culture. We don't study about Brazilian life before 500 years ago.

We study about Brazil just because 500 years ago, Portugal came here and did the pleasures. But no, it's like, I think that the social inequality was built. It was built like now 500 year ago. And then we are just suffering. What white people did for us many years ago. Because in Brazil we say 'it's in our brain', it's like, I cannot change this reality because this reality is part of my identity.

I cannot think about misunderstanding. It's like…

Do you mean by that, that Brazilians still perceive themselves as colonized or as a nation that doesn't really exist, but came together by accident because you know, still there's a lot of different nationalities in Brazil as well?

Well, I think that the social inequality was built 500 years ago. And today we suffer from something that was created by white people 500 years ago. But look, but I Brazil it's like perfect. We have like many, many cultures living here for a long, long time. But when, for example, we have…

I live in the south of Brazil. There are a lot of German, Italian, everything decedents here, but look, you guys, [slightly aroused] we are not like you guys, because Europe. Okay, you guys came here because bad things were happening in Europe, like war and then Brazil needed to be…

Populized?

…to become bigger, needed to do some more.

And then you guys came here by like 'Hey Portugal, come to Brazil'. We are going to welcome you and also give you Saints[?]. And then for example, people that really needed and really honored the Saint years ago, didn't get the Saint, people from all the country got those saints. So, the equality always was different because a little of people have a lot of money principally by the saints and other people had to work for that.

Yeah, I guess generally a world problem.

Eh, I don't know if I answered your question

Great answer. Thank you very much. You have mentioned social inequality in your opinion, is your company addressing this challenge in any way?

[pause]

No, no way. It's like, it's faking this it…no, like completely not. If we will look at the newspaper today, you can see what the government is doing. No, it's like, they cannot do that. Cuz people that have the power that are at the stage of power, need the social inequality.

To maintain the power

Yes, they need to maintain exactly the social inequality to maintain their power. And then it's like, we can fake some actions. But it's not real to move the point to transform it, Brazil. No, I don't think so.

So, but at the same time I am a leftist guy. And for me, I think that politicians from the left may talk a little bit more about these fields, but also don't do anything at the end of the day. The change that we would like.

So, you think the company does not change anything in the social domain, although they're doing these actions and helping people out on the micro level?

[pause] Yeah. I think… as a person, as a Douglas, as Douglas? No, I don't think so.

[joking] Mm-hmm as [company name] employee you do. All right. I see.

Yeah, [company name] I do, exactly as [inaudible]

[joking] I care only about Douglas.

[laughing] But I'm in [company name], I cannot talk about this so much.

Don't worry. Okay. You have said that these there's, these people that like to maintain themselves at the power. There, I have this question. What is Jeitinho? and which role does it play in Brazilian society?

[laughs] Jesus, Jeitinho, it's a way that we talk. That's some, it's like… your mother say to you 'you have to go to the market and buy one Euro of bread', correct? That's the point. And then we go to the market and you spent 90% of your amount on bread. And then the other 10% is used to buy a candy, but you don't tell to your mother. And then you come home and say 'that's the one Euro bread, mother'. Jeitinho is a way of say or doing something not right in Brazil.

If there is a way to do something and you do in another way, in a way that most of the time, no, it's not really nice. It's not a really nice way. It's a Jeitinho. And for me, this is terrible because in Brazil we have a Jeitinho for everything. We have like the Brazilian Jeitinho, but it's terrible because brings us to some situations that goes to corruption that goes to lie. That goes to...understand?

Yes. So, it's kind of a sense of 'all right. I don't have to abide to this rule. This rule does not apply to me. Whatever doesn't matter.' And so on.

Yes, but Jeitinho is a word most specifically for people, not companies, for example, because in companies who have like the bureaucracies, other rules that you have to follow that are other companies looking it.

So, Jeitinho, it's more like the identity of the Brazilian, but at the same time, it's is not good event because most of the time it is used to do something wrong or to do something right in a wrong way.

Mm-hmm, I see. I see. So, you would say this is a characteristic of all Brazilians?

Yeah, sure.

And how is this in the way of the society improving or of institutional change happening? How, is this related to Jeitinho?

Hey, when we talk about for example [company name] does not exist. And for example, why I tell this, because as I said, we have rules and things that you have to follow to do the things in the right way.

And as we have other companies that are pretty much like looking at what we are doing, we cannot use the Jeitinho in companies. And when I talk about companies, I'm talking about all the companies, not only about [company name].

But Jeitinho It's like, I dunno how to say, it just exists.

It exists, but it doesn't exist in companies you say? Because companies are strict.

It exists, but in a way much…I don't know, in company, I really don't know because we have rules to follow, understand? In companies we have much more systems and rules and bureaucracy to follow that we cannot use the Jeitinho.

Do you think that Jeitinho is something that has to be addressed or that is something that could be removed or it's something that will stay forever?

I think that's part of the Brazilian identity, it's not easy to pick it up and say 'okay, no.' it's like a change of mentality where you show people that we cannot use the Jeitinho for everything. We can use Jeitinho in different ways, in a good way, in a bad way, but like not nice.

How would you describe Brazilian people in general?

[pause]

Look, I think that we are so lonely, it's so high that what do we show? it's like love, understand? I think that we are lonely.

Why?

This loneliness makes you happy and alcoholic and… understand? I think that abandonado, there was the word…abandoned. I think that we are being abandoned

Melancholia, a lot of melancholy or sadness?

No, we are abandoned.

Yes. I see, abandoned… by whom?

By the system, by everything, understand? Because as we are looking this way, we show people like how happy we are, how we can do [inaudible], how we dance, understand? It's like…

Why?

…I think that in Brazil we don't… I think that we know how to live. We just expect to have a really nice life. You understand? And when I talk about this, I am not talking about money. I just want to live, you understand? I just want to laugh. You know, just want to enjoy the beach at the weekends. I think that's much more about this, but we are abandoned.

Brazilian people are abandoned by the system, but what you see on the TV, what you see on Instagram, on LinkedIn: We are happy, we have the best beaches in Brazil, we are so welcoming… but I think that's our reflection of how abandoned we are.

So, Brazilians are also very optimistic people. I guess, no? Very positive 'everything will be right. Everything will be good. Doesn't matter.'

Yeah, it's because they don't have the time to think about this. If you are going just to think about the badness, we are never going to leave this place. So, we have to be optimistic: 'Things are changing'. So, month after month, you don't think much, understand?

I see. How would you estimate the environmental consciousness of Brazilians?

I think that we are changing. Yes. I think the social community in Brazil is changing. I think that we are changing in a slow, very, very, very slow way, but we are changing. But at the same time, when we talk about the bigger producers, soldier… [inaudible]How can I say? [inaudible, politicians?] of everything. They don't really care. And so, they are devastating everything that they can, that they are minority, they are just a small quantity of people, but they have a [inaudible…] what they want. But I think that the mentality of the Brazilian, the normal Brazilian is okay. It's changing about environmental things. But when we talk about those people that are on the top level of society, they don't really care.

They are terrible. Yes. They're militarists or everyone. I've heard about this, that they're very anti. Anti-transgender, anti-gay, anti-environment.

Yes. They are a group that have a lot of money and power on things. And so, it's [not?] good.

Why would you, why would you say that this environmental consciousness is changing?
What drives the people to change it?

I think that…I have to think.

[joking] And now you came here and you make me a lot of questions and then you'd like that I have all the answers for you. I'm joking.

I think that I need to think about this answer first. Because we don't have the answer right now.

No, you don't ha you don't have to have it. You just can give me a hint or whatever you think the answer is.
Do you think that companies in Brazil that are engaging in social responsibility and so on that they are contributing or that they're changing or shaping the collective thinking and behavior of people?

Yeah, sure.

Because it's like, there are some departments in all those big companies, there are like environment department, sustainability department, and then we have a lot of information about how to draw away the [] and how to do the selection, those things. And so, I think that the company is one of the most important agents and structures that is changing this mentality in Brazil, because it's, as I told you, it's rules, it's bureaucracy necessary for the company.

[joking] You tell you, tell me exactly you tell me exactly what I want to hear.

That's about this, better about it.

For example, besides of the immediate benefits that your company gives to people, when they install sinks and provide water and so on, what are the long-term effects that these actions maybe have on the people you approach, on the communities that you approach?

For us it's like, oh, I can’t estimate one because our products lives for 60 years because our products have durability. So, I think our products are inside these building for 60 years, so a lot of time. I think that when we help some community in this way, we are helping them for a long, long time. Cause it's like a structure. And the life, how can I say?

Product life cycle?

It's the product life cycle is so big. Our products last for a long time.

Interview 8

Interview Duration: 1 Hour 4 Minutes
Date: 16.09.2022, 16:00 (MESZ)
Interviewee Position: Social-Impact-Manager

[Interview questions were shared in advance]

Numerous studies [] by Brazilian scholars indicate to a growing trend in CSR adoption among large Brazilian companies. How would you explain the rise of CSR and sustainability practices by large companies in Brazil?

Okay. I see some ways to understand this movement. One of them is about the market, it is about financial impact. Companies are worried about that and they need to start to work. Some of them have some areas, some good issues to work. Others start to do a little partnership, but every company in Brazil, the big companies started to be worried about this theme.

And other thing that I can say is about the society. Companies need to have good people to work…and good talents. Any people, new generations need a purpose. They want to work in an environment that is some match between what I think, what I want about the future with the attitude and the drive, the companies. So, it's important to (about sustainability of the companies) to be connected to the new society, if I can tell that.

Okay, great. So, you have touched about the aspect of financial change that it is coupled with financial performance and as well that the society's changing and the labour, the people that are working in the companies. Do you think that they demand this adoption and so on?

Yeah.

Okay. And what would you say, why is CSR coupled to the financial performance?

Because connected to ESG and there is some impact if not now, but in the future, certainly. It's ESG, the process, but for example you work in some communities in Brazil, you have poor communities around the big companies.

If you can keep growing up as a company and making money. But if the society don't grow up, not grow up with us, there is a limit… So, it's bad for the country and in some

way, it would be bad too, for the companies. So, you need to work together with government, with society to make everybody grow together.

I see. So are you saying that if the company doesn't help the society grow, then at some point the people will not be able to afford the products that the company offers. So, the company in turn will also not be able to grow?

Yes. In some ways saying this.

Ok, That's an interesting perspective.

How is your company contributing to society besides of providing jobs and products?

Well I work in social area and I'm proud to tell you about two projects to give some examples. You work with more than 400 NGOs in Brazil to make them more professional you share our knowledge, our way of drive business to deal with their challenges, deal with their financial problems and make them sustainable.

And it's very good to see that these NGOs are in fact more people now.

Okay, could you tell me more [about the NGOs]?

Yeah, you have a program, a volunteer program. And managers in my company go to these NGOs as mentors and help them to organize big business and make them think about how can I deal with money? How can I set up some goals? How can I manage people?

And after that, after these organization, these entre… social entrepreneurs -this word is very difficult [laughs]- they start to work in a better way, and they can impact more people. They can use the same money to impact more people, or they can make their quality of work higher.

It's very interesting. And it’s a good way to make a partnership between big companies and jobs. They have different business but you have connection to, and you can work together for help communities for community to grow. It's one example.

Other example is about a social business into the company, the name is [inaudible]. it's social water. What's that? You have this product and all money from this product, you build [inaudible] in Brazil for people that don't have water. And that is a big impact. So, it's a good example because this product -how can I say- it's sustainable, financial…

this product have sustainability in a financial way, you know and during pandemic too and society change, I think the world and companies started to think.

What I need to do? What I have to do in the situation? What's my role? And in my company, I think it happened probably the same that happened with many companies in the world. We started to think how I can use my resources? How can I use my people, my intelligence, my technology to help with social problems?

And you did that. So, you learn a lot, you are learning. And I think in the future in companies, in general, you use more the resources to help society to solve some problems that is not about money and business product, but social problems that are interesting for everybody.

Do you know what maybe is the percentage number of the net income that the company attributes to these social causes?

No, I don't have this number.

Okay. No problem. I'm sure it's as well in the reports…Thank you. Great answer. The next question would be about the country environment. What do you think are the main challenges, Brazil and Brazilian society faces today?

Okay, after pandemic there are two problems… you can hurt many stakeholders from communities in Brazil. [Tell us?] is about hunger and unemployment.

You have some important stakeholders in leadership communities in Brazil that you talk to understand what's most important thing that you can help? How can you make partnerships? and always in all conversations that are these two problems: hunger and unemployment.

I see. Could you expand on these two problems maybe? What are your thoughts? What is the source of these problems? Or why is this such a big problem?

Okay. You have some issues with the government in Brazil so hunger it’s a problem that it's not new in Brazil, but it's bigger now. You have more people in this situation and after pandemic, it's getting worse. And unemployment come together, because if people don't have job, they can’t make money and they can’t buy food. So, because of this diagnosis we started to work with this focus.

So, we have projects that help with hunger and in my main project nowadays is about make product [inaudible] that make connections between people from communities to companies that can hire that people.

I see. Okay. So, but is your company providing the people directly with food [as well]?

Yes, you make a partnership… during pandemic, yes. You just [keep?] donations but not more. Nowadays, you make a partnership with a start-up that you can connect bars and restaurants, for example, that waste food and good food. Normally that food is going on the trash.

So, the start-up can teach these bars and restaurant and hotel events to help deal with this food, and they can send this food for communities.

So, it's very intelligent form to deal with that because that is food, if some people have too and others not, you can help with this project, you can make this connection.

I see, it's an interesting point because as far as I remember, Brazil is among the countries that have has a great amount of food waste, actually. So, it is a good thing to reallocate where it goes eventually…

The next question would be about the institutional change, about the topic of the research. Companies have to act within rules defined by national laws and standards defined by supranational institutions. However, does the company impact these rule makers through their CSR practices? Is there such a reverse process?

Wow. Definitely social problems are solved together, government, big companies, society, NGOs…everybody together. I can see one project that, okay, I can have success or I can have a good scale without this type of partnership. So, I believe that yes, they need big companies to not just to execute some projects but to make some goals, [goals-oriented?] for example, I can tell you about diversity.

[Company name] have some goals about diversity, about women in leadership positions about black people hired or in high level positions. So, they use it to invite us, to assign this type of compromise. Because we do that, other companies come together and they can make their power larger. Do you understand?

Yes. So, you are saying by 'invite us', do you mean companies of the same sector? Like associations that then sit together with the government representatives or lawmakers and then they negotiate or discuss on certain topics or laws?

[hesitant] Yeah.

Okay. Great. Great. Could you maybe tell me more about the cooperation with the government?

More about the relation of the corporation with the government, is that?

Yes. Or how do you imagine, is this working in general in the country now, if we depart from your company and look at the whole, how do you estimate this relationship between the government and companies and what role do the companies play in this relationship?

Okay. I believe that there is two ways. For example, sometimes you have projects that you would like to make them as a public actions, for example, about responsible consumption of alcohol is important for us. We involve scientists. We involve universities and involve governmental, because together you have more power.

So, it's a way, and sometimes you can… if I want to have some action in some community or city the first thing that I do is: what the government is doing here? What type of project, what type actions are? what their priorities? So, I can work together or think about a project that okay I can use their potential and my potential and make this bigger.

So that is a choice to work with them.

Okay, great. Thank you so much. The next question is besides of immediate benefits of your company's actions, like these donations that you do to the people with the food and so on, could you think of any long-term effects? These CSR activities have on society or the communities that you are working with?

Yes, communities in Brazil are more aware about the responsibilities of the companies in the country. It's very interesting to see how you have strong leaderships in communities that can talk with us, talk with the company and ask questions about actions and build together.

So, I see this type of movement growing and I believe that in the future, you have more people with that conscious that can… can be conscious about their rights and discuss in intelligent level with companies or governments to build and to have a good, better society.

So, I believe that we are learning as companies too and we are more conscious about our responsibilities too, and this movement is growing for companies and for communities too. It's very interesting for me see that and live that.

Do you have maybe some, some examples of maybe where you have been there personally and have seen some of that increasing awareness by some member of some local community or something like that?

Do you have something you can recall?

Yeah, you have a community in Rio, the name is [inaudible] and you have some stakeholders, some leader in this community that are a model for us. And when you start to have a project into the company invite them to stay with us at the same table to decide together.

So, they can talk to us and give other vision about the problem and the project's so much better with them. So nowadays you don't decide for any project without their opinion.

I see, so you first have a dialogue and then you optimize the solution approach, let's say.

Yeah. Yeah. And they be together and they engage people after that too.

Do they actively reach out to you as well? Or how can I imagine this? How does it work? Do they reach out to you? Do you reach out to them?

Reach out? Sorry. I didn't understand

Reach out sort of… contact or like, do they get to you and ask you, Hey, can you help us? Or do you come to them or, and say, you know…

Both.

Okay. You have said that there is an increasing awareness among people in general of company actions and so on. Do you as well think that together with this, there is an increasing expectation of people that companies [should] do certain things?

Yes, but it's not in general. You have a problem with education in Brazil. Big city is okay. You have people ask more question and participating more with these discussions, but in big areas in Brazil you don't have conscious about the problems, about the issues, about the responsibility of the companies. People are just ‘Okay, thank you for hiring me.’ just that. They don't have a lot of options.

Ok, why do you think is that?

Education, poverty? Depending on the area in Brazil. Brazil is like a continent because you have many cultures and many situations, ways of life. I don't know if you know Brazil, visited Brazil someday [cheerful]

Not too much, but now from the interviews I have sort of…[joking]

[laughs] it's an amazing country, but you have a crazy country when you talk about social situations, for example, north, you have countryside people that have zero conscious about the responsibility of the companies.

So, when you come to Brazil, São Paul or Rio, people are like 'whoa you need to do that for companies, you know, you have a decent responsibility to have activist people.'

So, it's very different. It's very different.

So, probably in São Paolo or Rio de Janeiro you have all of the concentration of people who have higher education, maybe who are more aware in general, more enlightened, you know, and then you have the rural areas where people maybe are a bit more… I mean, I have got the impression that there is something like a segmented society where a big chunk of the people is basically poor and uninformed and then there's a very small concentration of people that, you know, is aware of what is going on, is aware of the economic, political, social, and so on situation.

[disagreeing] Yes. But you need to pay attention about the difference in Brazil, that sometimes if you talk with people from Sao Paulo, 80% you know that they think that they are the centre of Brazil and the most important, and the 'wow, I'm so good.'

It's not that [fair?], okay? In North and North-East there are many people, very intelligent, very activists, people that go to universities, people that fight with government in many different ways. And sometimes people from São Paolo ignore that, they think they are better but they're not.

[clarifying] Yes, no, I didn't want to make it sound like all of the good, smart people are…

[laughs] No, no. it's okay. It's okay. I tell you because probably you are talking with many people in Brazil and you need to about pay attention these biases.

Yes, yes, yes, yes, yes, yes. Okay. I wonder, what keeps the people in this passive and uninformed state, would you have any thoughts on this, maybe on those who don't have the opportunities and so on.

The level of education makes very difference. I'm from North, I'm from Maranhão, but I had a good education. But my state Maranhão, is the state where you have most poverty in Brazil. It's crazy there. But I have education, so I can have many differences with some people that I know there. In my experience and when you receive some searches or diagnose about the problems in Brazil, normally education is one that is there always.

So, you need to have a better education for all, it's a problem. For example, black people, the most part of them don't have the opportunities of education that white people have. So, when you go to companies, the companies in Brazil…I'm an exception [example?], for example, I have more white people in positions of power. And it's a cycle and this cycle is starting in education.

I see. Interesting. This was also the impression of most of the people that I have talked to that education is a big issue because you have the public schools that are bad and then the private schools, which are good. And then on the other hand, the public universities that are good and the private universities that are bad, something like that.

Yes.

There is something I wanted to ask, it went out of my head. I'm sorry. No, I can't recall it. Anyways…Ah [it came back], can you tell me maybe about your experience of growing up in the North? what was it like?

[excited, happy] Wow. Ah, it's amazing [laughs]. There have been problems. Yes, it's crazy.
But people are very, very active. I don't know if this is the word in English…

[trying to guess] Affective?

Yes.

Ah, okay. Showing much love and kindness and so on?

Kindness. Yes. If they ask you 'how are you' they really want to know about it, not just polite. And the people are very strong because they have less opportunities than in [South-East?], for example, and they make a lot with…

I live in São Paulo since 2016 and I was surprised how easy is my life here, I have everything here and people here can do a great job with a lot of resources. In North for you do a great job…It's amazing because you have like THIS of research to do that. So, it's not easy.

The education is worse, they [sell fish?], for example you deal with poverty everywhere. Mainly in the countryside, not in the capital. It had a culture very interesting that make people together too, and make people proud about you, of what they are. It's a mix of problems and sadness sometimes.

[Inaudible] Yeah. Is that I see my city.

What is your city?

São Luís, Maranhão.

Okay. I don't know it, unfortunately.

[laughs]

Could you tell me what is Jeitinho? Could you tell me about that and what role it plays in Brazilian society?

Jeitinho brasileiro?

[trying to pronounce it properly] Jeitinho brasileiro

[laughs] oh, I ha, I tell you, there is one meaning very bad about jeitinho brasileiro. It's about to watch, take advantage. I make some partnership with you and jeitinho brasileiro can be a way of 'okay, how can I take advantage of that? How can I gain something?' So, it's a little danger.

But I can tell about other jeitinho brasileiro. It is about creativity, innovation about 'how can I make money in crazy conditions without opportunities?' 'How can I make my opportunity?' So, you can see this type of jeitinho brasileiro in poor communities. That's very interesting. It's about surviving but in a fair way, without making a prejudice.

Okay. Because I was talking to a guy last week, he said.. how he said it? that jeitinho is 'doing the right thing in the wrong way' or something like that.

[laughs] Could be, could be when I talk about taking advantages like that. But it's…

I don’t know if I agree with that, that jeitinho is just that. Because you can close a behaviour of jeitinho brasileiro just in a bad way. And it's not just that.

Yes, of course. Is it like an overarching characteristic of Brazilian people because still people probably differ a lot from region to region Northeast, South, West…

Yes.

And what is the role of Jeitinho in business life, in companies? Does it also find its way there? Or how can you describe this?

Wow, in my experience wrong way is not a possible way because you have a question about corruption in Brazil that companies need to pay attention. So, some areas like compliance have many rules to control this type of behaviour, if I can say that, so it's not a good way to think. Okay. I can say I can do the good thing in a wrong way. It's not a possibility, [Although] can happen, okay. But you have some consequence about it, each of the companies.

I see. So, this is also the impression I got last time that companies are standardized bureaucratized entities that do not allow for big deviance. So, people must comply more or less to what the company tells is good and right for the company…

Interesting, because you did associate jeitinho with corruption. Why is that?

Yeah, it's because of the wrong way. Wrong way. Good thing -you told me- good thing, do a good thing in the wrong way. Wrong way I can associate directly with corruption.

So jeitinho can also be part of corruption. What is in general, the role of corruption in Brazil, how does it impede maybe your efforts to make the environment better to improve society?

Yeah. Wow. It's very complex question about corruption because corruption is everywhere. When you want to take advantage, for example, if you understand j.. it is not Brazilian jeitinho but you can see this type of jeitinho in all the world when you want to take advantage in this meaning.

So, corruption is about that, and you can see it everywhere. You can see in governments. You can do that in your house, for example when you don't pay the light or don't pay the TV as assigned because you have a jeitinho to take advantage of your neighbour.

So, I think the corruption at the end, you take money of somebody and put people suffer more at the end. But it's very complex. I don't know how you could solve this problem? Because it’s not just about the big government. It's about us, society.

Yes. That's interesting. How could you maybe imagine some sort of solution to corruption? Do you have any ideas what is the cause? why is it this way?

When you [inaudible], you learn many things since you are you as a kid. Okay, you learn some rules that, okay, I can deal, I can do that. I can take something that's not mine. I can hear you talking about education, but not a formal education, but when you have a family, [inaudible] family you can learn about things that you won't change in the future. So, I believe that it’s starting at the beginning, and it's not about money, it's about values, because sometimes you can see teenagers, rich teenagers making bad things, and they [inaudible] they see that in their families.

So, is about education, but I can tell not about formal education, but formation, family and values solely.

So, this works as an example that people get in early life from their surroundings. They see what others do, and then they adapt it themselves.

Yes. Yes. And if I can give you some example for poor communities, for example, you have a boy of 10 years old and he hadn’t had anything and he has one example.

That's a boss of the community that can give you a tennis or a motorcycle. And he has power. So, he's a model, but he's a model that make things good in a wrong way now. So, it's a model.

Amazing, amazing. It reminds me a lot of, I had another interviewee. He was telling me about how they went to favela and he was talking to a little boy and telling him that he doesn't have to do it. He has opportunities. He can, you know, study abroad, buy a house and whatever.

And he told me how insightful this experience of this little boy was that he has only this option because he was in the favela. And he was seeing, there was some drug problem. And he was seeing these people that have, you know, cars and they were all related to that. So that was the only the only way that he pictured the future for himself, because he was not aware of the other options that exist.

Yeah. It's crazy one. You make me remind another thing. One leader in community told me that he was in a group with teenagers. Not teenagers, young man, like 21-23 years old.

And they are told this leader that they were [too] old to start. Old to start to work. Old to start their lives. It's crazy, 21 years old. So, because it's the only thing that they can see in the favela.

Yes. That's interesting. It creates such a bubble, you know, like through which the people cannot see and, you know, they don't have just basic access to be aware of the other options they have it seems to me.

Yes, exactly.

Okay, great, great insights…

Does CSR conducted by your company play a role in shaping collective thinking and behavior of Brazilian people? And if yes, how?

Yes. Yes. I believe when you start some movement into the companies, part of the society that you can change our behaviour in the company and move this type of movement to outside.

It's one thing. But when you end, when you think about the power of the brand and these things, you can use that to make a cultural transformation outside too. For example, [inaudible] mark of beer in Brazil, that is a Budweiser, you use this brand to talk about racial problems.

So, it's very strong when used, it's better than our CEO talking about, but with Bud, use your power to talk about, people listen more, so it's interesting.

You're using your brand to communicate certain values.

Yeah.

Do you have an example?

For example, about equity, racial equity with Budweiser we use our communication to talk about that, to put black people that and to talk about some topics, for example, events that talk about, [] Budweiser [inaudible], some defending, defending? Good voice or power voice about the topic, you make some partnerships with other companies to make the movement stronger.

For example, I make part of some partners when you talk about race and it's very interesting because for example, in my company, I can move with the society in one piece. If I am together with four more companies in Brazil the transformation is so much bigger.

So, you can do that. Use our brands or make partnership with institutional brands.

I see. Do you really think that this has a sustainable impact on the people, because there is obviously a kind of company culture which might invade or not invade, you know, the culture of the local community? Do you think this is a sustainable impact?

Yes, definitely. I can give you an example. We started these actions many years ago you work with free alcohol (0%?). So, we start to talk about intelligent consumption. It was interesting because I was not a responsible person in this way.

No way, I drive and I wasn't aware about the consequence. I was very young and this thing.

Did you drive drunk?

Yeah, not drunk, but in Brazil you can't drink one glass and drive. I don't know if it's the same in your country

[misunderstood] in Austria as well. You can have, I think one per mill even…No, no, not true. 0.5, but that's about one beer or so.

In Brazil 0

Okay.

So, if you take one cup of beer, you are wrong. I didn't respect that. And now it's impossible for me to do that.

Oh, I see. Okay.

And yes, and I changed my behaviour. I changed behaviour of my friends of my family about use belt on the car and all this type of security behaviour.

I changed totally. And I see my colleagues changing too. And you are 3000 people that have this type of behaviour, it will influence our environment. So, you have, so I believe that's sustainable.

You are influenced within the company. Then you go out in your house to your family, to your friends and you also influence them. Okay. I see. So..

At the beginning, your colleagues, your friends from college think that you are crazy, so boring. [laughs]

[laughs] yes, yes. Obviously. What else can they think?

Yes. But after that, you can influence and change [them?]. It it's very strong.

Okay, great. So, let's see what, what we have here. We have touched upon this with jeitinho, but how would you describe Brazilian people? [joking] still to give them a chance to detach from jeitinho.

Brazilian people, I will tell you about simple Brazilians. Okay. In general, they are people very very creative.

In which sense?

You can't imagine what you can see, how can they be entrepreneurs and create business and create ways to work better and to influence each other and to grow without almost nothing.

And I think the character about creative and innovative it's strong. If Brazilian have, all Brazilians have possibility to study, to have basic conditions you can be a rich country because already there is this type of mindset and it's a positive people too.

It's a positive and creative people.

Yes. Yes.

[start talking too much] I see. I mean, I know it from Bossa Nova music, I really like Brazilian Bossa Nova music, and it's always so different to everything else that you hear. So maybe I have sort of a little sense, at least in music of the Brazilian creativity.

Interesting to me, it also seems that it's because I, myself grew up in Russia and people there are also very creative and also very flexible and there is also a jeitinho to them, but it's just called in a different way.

And to me, it seems that it is a characteristic of people that live sort of in these imperfect environments which are very, you know, corrupt and imperfect. Because if you then switch to Europe and so on, people are more you know, strict, more box-thinking-type-of-living, you know what I mean?

So, it seems to me that there is some kind of connection here. I don't know. What do you think?

Yeah, I believe, I believe there is some flexibility and some open-minded environment that you don't have a standard, equal for all. So, it's bad in some way, but it's good too, because you make you more creative, more open-minded more flexible. That are two consequences.

Do you might think that this is a consequence of this environment that people are in, that they have to always adapt to the changing things, because these environments are relatively unstable. Do you think maybe that this [creativity, flexibility etc] is a product of the environment?

Yes, and not just about the changes of the environment, but about resources too. When you can let resources…they get it. You can think out of the box.

Great. Question N10. How would you estimate the environmental consciousness of ordinary Brazilians?

How can I told you is very diverse depending of the education, depending of the stimulus that the city has. I see that on the country side is less than the big cities or the capitals. people that has more information are more conscious and the consciousness is better, but you have many, many places in Brazil that you don't have this type of information that can make people be more critical.

Where does this information come from? Social media?

Social media... Poor people watch a lot of TV, open TV novels and things like that. And there is some polarization in Brazil, so people on Facebook or social media, like you see what you want to see, no? [laughs]

Ah, yes. Yes. I see.

So, I don’t know if it makes some difference social media nowadays.

Yeah, it's true. You see what you want to see, that’s true because they pick out the information for your interests, right? But I wonder because the people on the countryside, they're usually closer to such actions or deforestation, for example you know, isn't there a chance that they maybe experience it themselves?... What do you think?

About deforestation?

Yeah, for instance, I mean, I don't know, how proximate it is to the people themselves, but obviously there is also going on some illegal deforestation in the Amazon region and it's also kind of backed up by the government as far as I know.

Okay, you can see in Brazil people very conscious and asking about the government about the changings and everything. You can see that if you watch some TVs and these things, the journalists are talking about… but how people understand that is not always correct.

Some people are so worried about what they want to eat that day how they can care about their children, that they can’t start to think about the Amazon.

It's not number one priority for them.

Yes.

I see. That's that makes sense.

What is the state of art regarding topics of inclusion and diversity in Brazilian society, minorities, L G B T gender equality, feminism?

[misunderstood] Art in Brazil in general started in poor commodities. Everything comes from favela, comes from community, comes from simple people. After a time, who has have money, discover that and make more money. But the origin of the art is from minorities. The most part of art in Brazil is from black people, for example. Samba, the funky musicians…it's from black people. If you ask, for example, you told about Bossa Nova.

You have [artist name], he is a white man, but Bossa Nova came from Samba. And Samba is black. Samba is black. So, art is from minority and you can see Brazil, young

people from minorities growing and saying [what] there are thinking, showing their thinking about Brazil with the art, music.

Okay, great. I must have probably asked you differently because the question was related to how is the situation of you know, minorities in general, but the art dimension is also very interesting. I haven't considered it.

So, what do you think is the situation in Brazil in regards to inclusion and diversity, minority L G B T?

Aaah, I got it, it is very beautiful. You have many movements, strong movements in Brazil. Race, about to race and gender is better. You have more movements, you have some politicians, but you are in a journey. I think you are very far of the perfect situation that you want to achieve. But you are what you are.

I can, I can tell you that. About race and gender. You are question more. That is a critical thinking so alive in Brazil about gender and race. And there are two terms that always you are talking about in the companies, outside gender and race rights of that people, better positions, better salaries, races and these things.

For other LGBT and [inaudible] and others, I think it's not very strong yet. You are in a first level, maybe a second. But it's good because I think everything started with people questioning. Why?

I agree. I agree with you. Last time when I was talking to another interviewee, there was a very interesting perspective in regards to colonialism as the current situation being effect and the consequence of, you know, Portugal and Spain coming to Latin America in the 15th century. What would be your take on that? Do you think there is this dimension as well?

Yes. Yes. For example, in the south of Brazil, you have a lot of people from German from Europe and they think they are European. Their behaviour and they think they are unlike other race so much better and it's very sad and I don’t know, maybe..

And you have some impacts of colonialism in Brazil. There are good impacts like culture. I like the mix of culture. It's good. And just more, so much more it makes everything more interesting. But some black people don't have conscious about their origin their impact of Africa, for example because the history was totally deleted.

And I remember now when I visited Portugal, in 2019 was very interesting because I like to walk in the city and talk with local people. And I was talking with a young woman in

Lissabon and I was so shocked because she was teaching many people in the district about how Portuguese were heroes and discovered and everything good.

She was like unable to talk the real story, she was proud. It's crazy in Portugal I was shocked because zero, maybe they are like in another level, but no, it's similar. Some cities in Brazil, they just don't understand what happened in the past. Yes. And they keep telling wrong history and it was different when I visited German because in Germany I could see the real story about Hitler, about everything.

Yes, and It's good.

Yes. I agree. Interesting that in Portugal, there was this woman that was propagating actually the colonialism, right.

Yes. And he she's from college. It's a job, it's her job.

Oh, that's strange

[aroused] Yes, so I didn't pay her. I have some fight. I don't know, I don't remember, but it's crazy. You are teaching wrong. She was like 'ah, you were discovered. We are so good. And just saved Brazil' like that, you know?

Yes. Interesting. Because if you don't assess it critically, then it probably will repeat in some way or the other, right?

Okay. Thank you. So, I wanted to ask you as well about the current government, about Bolsonaro. What is your take on this and how do you think it came to this point?

[laughs] Wow. If I tell you as [company name employee], you work with any president. Okay. You can deal with everybody because what you want is make the country grow and independent of the government.

But as a person it's totally, totally... how can I say? you know, position of my thinking about how I believe what the community needs to be, what society want to be, about diversity, about a good drive to govern [?] Not just about values, basic values but about the intelligent driving of the country. I think we are a little lost and I hope that you can change [inaudible, something?]

Interesting, because I wonder that everyone I have talked to before, up to this date where somewhat in opposition to the current government, but still it is there,

it was elected. Why would people vote for Bolsonaro? What would be your stance?

Some years ago, you had a political group that made corruption, did corruption and the media, the local media in Brazil make it very worthy. In what way? The corruption is not just one group, but all groups were involved. But the social… the communication [media?] told just one group did that and make it to be like every day in the minds of Brazilians, every day.
It's it was crazy.

And I believe that in that moment part of Brazilians create a theory that there is a bad guy and you need to be saved of them, of this group. And because of that they vote Bolsonaro, one group. The other group is because they share values. They already share values of this government. And I think that is the other group that is totally insane, because that isn't like a justification.

So, Bolsonaro is portrayed as the saviour?

[joking] What saviour do we have

[joking] Yeah, maybe we need a saviour from the saviour.

Yes.

Why have you chosen to work in the field you are currently working in because I've seen you have a HR background and then you, then you became head of the social impact.

Yes, in 2019 I took a sabbatical year and during this year I think I changed and I discovered that I would like to work with more purpose and when I came back to Brazil I decided to start to work with social impact into the companies, because I think that into the companies I can have more impact.

Interview 9

Interview Duration: 59 Minutes
Date: 04.10.2022, 16:00 (MESZ)
Interviewee Position: Diversity and Inclusion Manager

How would you describe the state of corporate social responsibility in Brazil?

I think we have been moving forward. I think when we started it was much more about philanthropy or initiatives, but right now I think corporations are understanding the importance of connecting social responsibility initiatives with their core business and how they make more impact in their community. So, I think that we are in a good spot right now here in Brazil.

Okay. So, you think that this is a trend that is increasing in Brazil?

Yeah, I think it is increasing and in general, I think companies realize how important they are in really impacting society and not just do something like donations or how can I say, forgot the word…

Philanthropy?

Yeah, philanthropy, but how they really impact the society, especially when defining the social corporate responsibility with diversity & inclusion actions. So, I think the more and more these areas are working together in order to make impact, especially in minority groups or trying to reduce inequality. So, I think this is something that is growing here, this kind of social impact.

Why is that? What is the reason for this to happen? Why do companies adopt more CSR?

I think the market in general spreads more these kinds of messages and this situation is like a new situation because the society wins and the company wins also, not just in terms of reputation, but purpose.

I think purpose is something that's really increasing in the companies I think and this connects with employees, society and even more the company's CEOs [see?] value inside of the company to engage their employees. At the same time, they generate social impact in their society. When I was working in other company, we engaged in some social projects and this makes people proud to work at the company and see how it's important to not look for profit, but social impact. So, I think this is something really strategic for the companies.

So, you think it's coupled with business strategy and as well the stakeholders expected from companies to be more considerate of the environment and engage in social responsibility?

Sure. I think the pandemic situation when the murder of George Floyd put the companies at the spotlight, you know, people, the society in general are asking them "What are you really doing for wellbeing, for reducing inequality?" because you see a lot of actions, but how these actions are changing the world?

So, I think the society, the investors, the whole community is in the whole system in terms of the company and are asking them "What are you really doing for changing the world?" So, I think this accelerates things, not just in the world, but in Brazil also.

Okay. So, how do you think that companies contribute to society in general in Brazil?

No, I think the companies have this power to be a great engine in terms of formation because they own the money they need to do the impact. So, I think companies are more conscious about this social responsibility than before because of this, because they are pressured by the society, by the investors In Brazil, we are talking in our…you know, it's something like Nasdaq.

Yeah, the stock exchange.

So, the stock [exchange] here talks about how they can improve ESG in their companies. And it's just a conservative way, the way they put this pressure. It's not exactly a pressure, but it's a, it's something… Yeah, I think it is… It is a little step and shows how this matters.

So, our instance of governance in terms of work, their pressure for more diversity, for more governance and ES in ESG are really evidence right now. So, I think this makes pressure in the companies to adapt for this new world.

Okay.

In Brazil, similar, I think we have a lot of multinational companies. That pressure the movement for this, and I think, I don't know if you're following the elections here in Brazil.

There's a new one coming up, right? What is his name? Something with L…

Lula.

Exactly. And he has got about 7 million voices more than Bolsonaro. I have just checked before the Interview.

Yes. And Bolsonaro represents the [] in Brazil, the conservatives, misogyny, racism, [] and the bad you have here in Brazil Bolsonaro represents. But this is a conservative way that is increasing here. But at the same time, the companies are positioned for equality even though we have this conservative way growing, the companies are saying "Okay, we understand the society movement, but here at the company we respect human rights. We are conscious about diversity & inclusion, we are coaching and reducing inequalities." So, before the first time of election, I don't know the name in English, but when you come the first time, before the elections really happen.

We have a movement. We filled out [inaudible], some corporate movements here in Brazil in companies, here they sign letter commitments directed to the candidates of presidents "We don't know who will win, but for us, the company here in Brazil, the LGBTI+ rights are important."

So, it's a way to show how important the movement is, the corporate movement, we don't step back in terms of diversity & inclusion in our policies, in our public politics as well. So, it's a kind of milestone here in Brazil because in the elections before, in 2018, we tried to do something like this in the election because you saw they also are not growing, in the surveys, but we were not able to do this letter back in that time.

What do you mean by letter? To whom is this addressed? Is it like a letter that the company, Association of companies sends to the government or how can I understand?

It's an open letter they send to those who is running for president. The companies here in Brazil, I think almost a hundred companies sign off this letter saying how important it is to move forward in LGBTI+ right there.

Okay. That's an interesting aspect. I have never heard about it before.

No, it is in Portuguese, but do you know [] organizations? It is an organization that has the most jobs in the US, but it's about LGBTI+ rights. But 180 companies and organizations NGOs signed off this letter in support of diversity and saying that it's important for these companies to move forward in terms of…it's much more a declaration.

That's quite interesting. They're showing their position and their power with this statement. Right? Because they also employ a lot of people and they want this to match.

Yes. They employ more than half a million people in Brazil. And it's a big part of our economy. So, it is a huge milestone in terms of this because it's showing the society "We are not going back in terms of LGBTI+ rights.

Even though the conservative movement is growing faster here in Brazil at the same time because of this I believe that companies have the power to change things because when you make changes in your company, you are not just changing for the market, but you're change lifes, it is in our day-by-day [work] because you are not just…sometimes people don't have the opportunity to think differently.

So, when you talk about everything inside your company, you allow that people can get in touch with this diversity and understand that it's not just a sentence, but respect. And when these people change their minds, they probably change all the minds in their circle. So, they talk with [], their families and []. So, you start a movement for society really.

Because I believe the companies really have the power to change and this is why I chose working with diversity and inclusion side in the companies, because I believe that when you are in solo movements or organizations, NGOs, nongovernmental, it is important that work, but sometimes it's difficult to talk the language of the business, so when you have these kinds of areas in the company, you are translating what the society wants, translating to the company language and make things happen.

Sort of an advocacy for the people. [joking] You're like Robin Hood. You stand up for the people.

Not so glamorous, but yes. Something like this.

You have said something interesting. You said sometimes people don't have the OPPORTUNITY to think differently. What does that mean?

Yes. We have a project called [project name] in our factories and the idea is to bring more, include transgender people to work with us. And the most part of our factories are in the countryside in the North East, that is a misogynic area that you have here in Brazil.

So, to understand the differences between the letters LGBTI+ for instance, it's not something…it's easier to think about this here in Sao Paolo, for instance, because we

are talking a lot about this, companies too. They have a lot of [advantages?] in this area, so we have more contact with these kinds of people here in Sao Paolo. But we are, when you go to the countryside at Paraíba, for instance, the experience there is that the marginality of this kinds of people [transgender, LGBTI+] is high.

So, not everyone has the opportunity to…I forgot the word… to live together or work together with transgender people, so the most part of them are in prostitution for instances. So, when you bring this kind of talk inside of the company and put people like this to work with them, we are just creating opportunity to work with different people and understand that they are not so different from us. So, I don't know if you understand.

So, do you suggest that maybe some regions are not so open minded as maybe Sao Paolo is or Rio de Janeiro because people… Well, I don't want to lead you to say something that I want to hear, so I have to be careful.

Yes. Something like this and not just so open minded here because sometimes you are not so open minded here in Sao Paolo and Rio de Janeiro, but you are much more in touch with this kind of diversity than in the countryside, for instance. So, it's like people [inaudible], as well here the most part people study in special schools. So, when you don't study, we don't live together. You don't have anything [to do] with people with disabilities.

It's kind of, we don't understand the difficulties or what they have, how you can be more inclusive in terms of people with disabilities. So, dealing with the differences makes you more able to handle, to manage these differences, it makes you a better person. So, I think this is the opportunity that companies can bring when they put diverse people working together.

Because in my other experience, for instance, we all have intellectual people with disabilities working at our office. So, to show how productive they can be changes the idea that disability is the same as incapacity, for instance. They see "Ah, if an intellectual person with disabilities can be productive, disability is not the same as incapacity. It's only a difference between me and them." So, this is the kind of opportunity that I think the companies provide when they put diverse people working together.

I see. Great. But I think this is also encouraged by the government, as you have said about the disabled people. Isn't there a law that requires all companies to employ 5% of disabled people?

Yes. We have this law, but most part of the companies don't comply. [laughs]

Don't comply. Ok. But is there a penalty or why do they not comply?

[pause] We have a lot of difficulties here in Brazil. The most part of inclusion is not of people with disability. The most part of the time is very assistentialist and people just structure the situation.

So, you have some difficulties in terms of not finding people, but at the same time, the companies are not prepared to change their mindset and adapt, they expect that the people with disabilities adapt to their company, but not the company to people with disabilities sometimes…Because of this, because they don't [pause] live together. They don't study together.

They don't know what they need to do to be more accessible [inaudible]. They have a lot of prejudices that [are in the way of?] making the companies more accessible. “It is expensive” and sometimes it's not. But the prejudice is too high actually.

There's not enough empathy maybe?

Yeah. Empathy is a complicated word, but the most part they see people with disabilities as a…

Burden?

burden or a superhero because it's complicated. We have a lot of stereotypes here.

Okay. I see. Talking about problems what do you think are the main challenges Brazil and Brazilian society faces today?

It has a lot of prejudices [laughs]. But I think [inaudible] our society. Don't know if it's exactly the word, but it's true.

Sorry, I didn't get that?

Part of our day-by-day. The prejudice is rooted in our society, it’s like growing. It's truly pregnant in our society. We are talking about this structure, the prejudice structure in our society. It’s so pregnant in our day-by-day. So, I think people don't see, people see that there is prejudice but they don't see themselves as prejudous… being prejudous or doing discrimination, so, I think it's complicated.

The challenges say, I don't know. I think we have a lot of prejudice and when you talk about…Very easy, now, the elections, now we see just conservative movement

growing, the most part don't see LGBTI+ people as people, so they see basic rights as a privilege.

So, when you talk about racism, they convert the situation like: “Oh, this is only complaining. This is like playing the victim” you know? “If I can, all people can” the meritocracy discourse in speeches is really present in our society, so I think this changes the mindset of people and it’s important to show that it's not just about meritocracy, but people don't have the same opportunities. It's difficult because all the time you see these speeches really strong, especially in the companies. So...

And I can give another example “refugees, black personal wins as everyone can” they don't understand there are different opportunities. And how the racism works because they don't live in this, the privileged ones. So yes, I think it's difficult talking about privilege because people understand privilege, like [betting?] and not understand they have more opportunities than others… So, I think this is one of the challenges we're facing right now.

Interesting. Because it has been quite consistent with what people have told me before, that the kind of the major thing is the disparity.

Yeah. But the disparity, I think… yeah, disparity for sure, it's a challenge, but I think that a difficulty to change this inequality is because people don't face their own prejudices.

They don't think that it exists. They just go “Oh no. Me? No, I'm very just and good”

Yeah. Prejudices have the others.

Mm-hmm. Okay. I see that. I've also heard THAT already, that there is just no awareness that it is existing in the first place.

Brazil is a racist country [mimicking a dialogue]

- “Yes. Brazil is”
- “But you are racist!”
- “No, me? I am not! The others.”

This is difficult because people don't assume their own bias. And so, it's difficult sometimes when you are trying to reduce… because to reduce inequalities you have to do affirmative action. So, to understand that the affirmative actions are very difficult sometimes because people see “Why I have to do a training program only for black people? This is discrimination.”

So, they understand that positive discrimination is the same as negative discrimination. If I'm doing a program specific for black people, I am not allowed that other people engage and have the opportunity to join this program.

So, they don't understand that we have a lot of issues in our society that impacts, that blocks black people's equal access to these kinds of opportunities. So, because of this, I think the prejudice and the self-awareness is more challenging than just the inequality that you have here, because when you talk about affirmative action, people struggle to handle this, especially when you talk about quotes.

What do you exactly understand under affirmative action?

I think it's not just quotes, but everything that we are doing to accelerate the inclusion of minority groups, this is a kind of affirmative action, not just quotes or specific problems, but everything that you do to accelerate this could be an affirmative action.

But because here in Brazil it is associated a lot with quotes and they don't like quotes too much because they understand that are with quotes…

Sorry, cults?

Quotes, like the law that you have to hire people with disability.

Ah. Quotes. Sorry, I didn't understand acoustically.

Okay. I think people don't like too much when we have this kind of program.

Okay. Interesting. Well, how would you describe Brazilian people in general?

[pause] I don't know. [laughs]

If you had to, is there any over overarching general characteristic that you would be able to attribute to the whole of Brazilian people?

General, I think Brazilian people are friendly ones, but I think…[pause]

Okay. Friendly people. That's good. What is jeitinho brasileiro and what role does it play in Brazilian society?

We have a bad jeitinho brasileiro and a good jeitinho brasileiro. I think the good way is when we face our difficulties and make a way to use our creativity to put things together

and have good results, but at the same time, you'll have a bad way that you are trying to use, like how can I say? trying to take advantage of other people.

So, I think we have a good way to use and the bad way to use it. The good way you know how you can be creative to get the results done and face the difficulties and so on. But the most part of people, I think use the bad way. That it's how you change the rules… not how you change the rules, but avoid the rules and take advantage of this.

One interview participant once told me that jeitinho is when you do the right thing in the wrong way.

[cheerful] Sometimes, yeah. Sometimes.

What is the role of jeitinho in society or in companies?

I don't know. Depends on the company. I think some companies have just a way to use this [jeitinho] in taxes, for instance, how they can change some…use the taxes, the wage and pay less taxes. This is how they use jeitinho brasileiro sometimes… or to change the… I don't know.

Do you see a lot of jeitinho in the company?

Yeah, I think…No, I think I didn't think about this.

Okay. How would you estimate the environmental consciousness of ordinary Brazilians?

I think very low, we don't have much. We don't have yet this kind of environmental competence. I think it's a movement that is growing but the most part of people don't think about this.

Why do you think is that?

[pause] Because I think the message don't get to the people in general. I think the way the message is presented, is not connected with the average people that we have here in Brazil. I think sometimes it's too technical or too idealistic and not connected with their reality.

What do you mean by their reality?

The reality of the population in general. Sometimes it's not because just "Oh, take a shower, a fast shower." This is something that, okay, people can't understand the

importance of water, but this environmental consciousness is much more than just that. And I think people talk about technical or… I don't know, people don't connect -I think- the message with the day-by-day of the population in general.

I think, it's much more technical sometimes or much more idealistic when you…

Technical?

Yeah, on the average people do not think about this day-by-day.

Do you think they don't have access to media that provides them with the information or?

I think the information is there, but the way the information is, they don't just simply connect, they don't make sense for them…because sometimes it's much more the way the message is posted then just the message itself. I think they don't… It's something like…you are taught, you see a lot of in public health. We talk about like… Oh, a good example:

Nowadays young people don't use condoms anymore, and the high numbers of HIV are growing. We have that message. We have the access to this information. People know about HIV, why young people don't use condoms anymore? Probably because the message does not make sense to them, right?

So, they don't have experience of the AIDS pandemic, so they are not afraid of it, because nowadays people can live really well with HIV. So, the way the message gets to these young people don't connect with their reality to make a change in their habits.

So, I think the same you can apply when you talk about environmental messages, which don't connect with the most part of population.

I think this is interesting. It makes me think of what you have previously said about racism, that people do not relate it to themselves in any way.

Yeah, it's the same, I think social environment, the way they are talking about, it's not connected with the most part of the population.

How could you maybe explain this kind of phenomenon that people do not really relate things to themselves?

How can I say?

Because, for instance, I don't pass for some experience in terms of racism, I don't understand when black people pass these kinds of situations because it's not really…I don't live this kind of experience. So sometimes, and it's not just about empathy, but sometimes it's difficult for people to look out for other experiences, to open up and understand, or if you are saying that this is racism and you believe in you because you are able to say, but people in general have doubts in terms of "Ah, but really? it's racism? But I don't have the intention to do something like this." So, I think it's difficult for people to relate with [situations?] they don't live in sometimes.

So, this empathy exercise is something that you have to do, but at the same time how you are connecting the message with the people, I think this is the main issue that you have right now here.

The elections, for instance, many people are saying the main problem with the left side, is we are not talking with the average people because we are talking about what is important to us in terms of movement…and it connects with me that I agree with these kinds of ideas. So, we are not able to talk with people who don't think like us. So, this is the main difficulty that I see right now in terms of Lula growing there, in his possibility to become a president. How are we talking with the other kind of electors that are not thinking like him, like the left side.

Interesting. It makes me think that the country is sort of separated into those who, you know, those who vote for Bolsonaro rather, maybe lower social class and with less formal education and the left, which is the more privileged side of society. Is it that way? Can I see it that way?

Yeah. No, [inaudible] since 2014 we are starting to divide people, but I think that we have privileged people that are on the life side and under-privileged people that are on the right side. So, I think that what divides us is not exactly the economy, but failures and because we are a Christian country. So, this idea of your one kind of family, one kind of sexuality, is much stronger than [one might] think because when I say "I am a pro-abortion", for instance, people assume that I am making an abortion, but it's not about this. It is about allowing people who want to do it, do it. But people don't understand this because they don't connect it with their reality, don't connect it with their values, don't connect it with their religion sometimes.

So, it's difficult to talk with them. And I think the left side is struggling to connect with this kind of thought, so... I think this is our main issue.

Now as you say that this inability to connect issues. And as previously we've talked about companies acting as agents of social transformation. How then can these two things be connected? On the one hand, the company addressing this

issue of inability to connect with problems. How can these two things in your imagination interrelate?

I think it is. I think the companies can bring these topics to discussion and try to increase their awareness about the respect and diversity. You don't have to change your values, but you have to respect. And people confound a lot respect with acceptance. So, I think the companies have this power to change and make people understand it's much more than just you. We are talking about the whole society, and I think the companies should use their power and their voice to amplify these kinds of things.

I have had nine interviews so far, and already I have some kind of idea of how it is working and I have the image that there is a circle of problems that is reinforcing itself. So, one problem causes the other and then again, it starts from a new circle.

Yeah, right.

Like in a bubble. And then this bubble kind of always reinforces. And then on the other side, there are, you know, agents as companies, as government bodies and as NGOs, supranational institutions that do in collaboration with each other address this one bubble that is reinforcing itself. And by doing that, affecting the whole institutional environment and, you know, addressing these issues and causing institutional change.

Yes. Nowadays I think we are really moving forward than before, because I've been working with diversity and inclusion for 10 years right now. And this year, for instance, we have this important movement happening here, I don't know if you have heard about the LinkedIn here in Brazil, you have some companies that publish affirmative jobs in LinkedIn blogs, option that you publish jobs for Black people, specific for women because they are saying that it's a kind of discrimination and we are not allowed to do this on their platform.
So, many companies here in Brazil push LinkedIn saying "Okay, you are not allowed in the US, okay, this is your problem. But here in Brazil we have this kind of law that allow us to have these affirmative positions. So, we want to continue to have this and be able to publish our position specific for people with disabilities, specific for black people because you understand it is a way to change our reality in our companies."

And this was a really huge movement here in Brazil that came to the president of LinkedIn in the US, and they understood "Okay, we can't do this in some countries, but you are allowed to do this in Brazil." So, this is a fight that companies here won. And I

think this did not happen just a few years ago. So, I think more and more the companies are conscious about the importance to change things.

That's interesting. That comes back to this quote topic. Do I understand correctly that we do see different kinds of LinkedIns when we log in? You have your LinkedIn with its affirmative positions and I don't just see it from my location?

Yeah. Okay. Let me just see… it was in the New York Times [big pause, searching for the article]

Controversy in Brazil for blocking affirmative job policies.

Oh. Could I ask you to send me this article?

[pause]

And may I as well ask you to share with me the open letters from companies that they do towards the you know, the candidates for their commitments?

[very long pause]

The letter I have only in Portuguese but…

Well, I can maybe auto-translate it. I don't speak any Portuguese, but Google does. Maybe it can be translated. Okay, great. That's very good sources. Thank you so much.

We have some forum of companies here in Brazil. We have six... a lot of them and this is part of the movement that companies are together to promote diversity inclusion.

So, [inaudible] is one of them. We have one for generation, one for women, one for black people, one for people with disabilities and the companies assume their commitment to promote rights of these minority groups. So, this is something that is growing and changing our society here in Brazil.

Abstract:

Diese Studie untersucht wie brasilianische MNUs den formellen und informellen institutionellen Wandel in ihrem Heimatland durch CSR beeinflussen können. Die angenommene institutionalistische Perspektive weist darauf hin, dass MNUs über dazu notwendige Fähigkeiten und Motivationen verfügen. In Anbetracht der jüngsten IB-CSR-Forschung wirken sich CSR Maßnahmen vor allem im Kontext von Entwicklungs- und Schwellenländern positiv auf den Unternehmenswert aus und tragen maßgeblich zu Legitimität bei. Es wurden 9 semistrukturierte qualitative Interviews mit Vertretern brasilianischer MNUs durchgeführt, die CSR-bezogene Positionen in zyklischen und nicht zyklischen Konsumgütersektoren besetzen. Die Ergebnisse deuten stark darauf hin, dass Unternehmenskulturen entscheidenden normativen Einfluss ausüben, der die Institutionalisierung auf verschiedenen Ebenen fördert: MNUs sind im ständigen Dialog mit Gesetzgebern zu relevanten Themen und beeinflussen zukünftige Regulierungen; Mitarbeiter gelten als wichtige Treiber des institutionellen Wandels, da ihre Wahrnehmung und ihr Verhalten von organisatorischen Werten geprägt und später außerhalb des Arbeitsplatzes in die Gesellschaft getragen werden; lokale Gemeinschaften werden zunehmend in die Wertschöpfungsketten von Unternehmen integriert, was ländliche Gebiete fördert und den Lebensstandard erhöht; MNUs treten als Befürworter der Institutionalisierung durch Affirmative-Action-Maßnahmen und diverse Projekte auf, die darauf abzielen, das öffentliche Bewusstsein in Bezug auf bestehende gesellschaftliche und ökologische Probleme zu schärfen. Diese Ergebnisse untermalen die Bedeutung informeller Institutionen in Entwicklungs- und Schwellenländern und betonen die Wirksamkeit der Zusammenarbeit von Interessengruppen für institutionelle Veränderungsprozesse. Darüber hinaus zeigt sich, dass unterschiedliche Grade der Institutionalisierung auf nachhaltige Weise interagieren, was auf einen größeren Einfluss für MNUs in schwächeren institutionellen Umgebungen schließen lässt.