

## **PREFACE AND ACKNOWLEDGEMENTS**

The topic of this thesis came to my mind when I visited a Brazilian friend in Brasilia. At the time I visited him, he had just become a regional managing director in a multinational Canadian company that had been established in Brazil. During my visit he frequently came back from work annoyed at the Canadian managers. According to him, they did not know how to adjust to the Brazilian environment. When I later travelled around in Brazil I often met foreign business people, who were frustrated with their Brazilian business partners. This awakened me interested in the challenges that people face as they enter into an unfamiliar context, and as I returned to Norway I decided to write a Master thesis about this topic in Social Anthropology.

I would like to thank the people at Hydro (now Yara), who were enthusiastic about the idea of a thesis on the communication between Norwegian and Brazilian business people. I was very warmly received in Adubos Trevo, and appreciate all the help their staff gave me and the time they dedicated to my study. I am also grateful to all the people who work in Norwegian companies in Brazil, and who gave of their time to help me during the fieldwork. Without this assistance I would not have been able to conduct this study. Furthermore, I would like to thank all those people who made my stay in Brazil unforgettable. A special thanks to the Brum family, who I enjoyed living with and who became my “Brazilian family”. Especially Paula, who had to share her room with me during the months I spent in Porto Alegre. Also a special thanks to Dilson and the fun time we spent together. I would like to express my appreciation to my supervisor, Marianne Lien, who has patiently guided and helped me during the process of writing this thesis. Finally, I am grateful to fellow students, friends and colleagues who have motivated and given me valuable feedback.

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# **PART I**

## **CHAPTER 1: INTRODUCTION OF THE RESEARCH TOPIC**

Today, large-scale corporations are increasing their presence globally by establishing and acquiring local branches or companies. Products are exported to other countries and people often work for transnational companies with headquarters located elsewhere. Across the world people operate within market contexts that are not locally restricted. Brazil has since it opened up its economy in the 80s experienced a huge increase in foreign investments. In the same period, many Norwegian companies enhanced their global presence, and many of the larger Norwegian companies have expanded to Brazil. This thesis explores how the employees in a local Brazilian company acquired by a Norwegian company experienced the processes of getting new owners. In addition, I have explored how the Norwegians experience working as managers in Brazil and conducting business transactions, and how this in turn is experienced by their Brazilian employees and colleagues.

Globalisation is, according to sociologist like Giddens (1991: 15), associated with the expansion of modernity. One of the features of modernity is the capitalist system. The capitalist system is by some seen as acultural forces that are universally spread. The market is by classical economic theory assumed to consist of participants who “maximize utility” on an arena on which all parties are fully informed of the relative price and quality of the commodities in question. Thus, businesses and business practices are influenced by the economic theories which assume that people act rationally on the basis of the information made available to them. These economic theories portray capitalism and market principles as acultural forces. In recent years, slogans and trends such as empowerment, transparency and accountability have influenced governments, NGOs and businesses alike. They are models for conduct which provide an ideal framework to be used globally.

As business companies have become increasingly important, growing attention has also been directed towards understanding, explaining and improving organisations. Since the beginning of the 20<sup>th</sup> century, various organisational and management theories have been in fashion. Management techniques seem to be inspired by organisational theories which are considered by some to be universal tools for managing organisations. Management and organisation studies aim to improve organisational practice by offering new social techniques. These new techniques, aimed at better management, are by some assumed to be universally valid and are extensively introduced and imitated around the world. Both the assumptions about the market and organisational theory can be compared to what Giddens terms *expert systems*, which according to him are considered to be disembedded. He argues that social institutions and actions are not deeply rooted in the local community, but rather that they to a great extent have become separated in time and space. However, studies in anthropology and sociology extends the traditional focus on understanding the economy and organisations as a set of rational processes by also exploring them as encompassing social processes, arguing that they are embedded in historically situated cultural processes.

I started the fieldwork by asking the following questions: “How do Brazilian and Norwegian experience the differences between Norway and Brazil related to their work in Brazil? What is the outcome of these encounters?” As I acquired new knowledge through the fieldwork new questions came to mind: “How are business and management strategies and actions negotiated in the interaction between Norwegian companies and local practices? How is business and management practices configured and articulated in the encounter between Norwegian and Brazilian business people in Brazil?”

To find an answer to these questions I conducted fieldwork in a Brazilian family company recently acquired by a Norwegian company. I sought to explore how the employees viewed the changes that occurred in the company after the

acquisition. Furthermore, I interviewed Norwegians working in Brazil and Brazilians working in Norwegian companies. The thesis will address the questions above using two sources, the first being field research in a Norwegian company with subsidiaries in Brazil, and the second being interviews with Norwegian and Brazilian employees in Norwegian companies in order to investigate leadership practice and market exchange.

### **WHY STUDY BUSINESS AND ORGANISATIONS IN A CROSS CULTURAL SETTING?**

The increase in international business has created a demand for books about cultural differences in business that are easy to grasp. Lots of books and teaching material has been produced within the field called intercultural communication. The dominating figures within the field of intercultural communication have been Hofstede (2001), Trompenaars and Hampden-Turner (1997). They conceptualise national identity as an imprint of values and collective “software” in peoples’ minds that manifest themselves through a distinctive behavioural pattern. Through quantitative studies they have found a small set of value-based continuums of interpretation such as *individuality-collectivist, masculinity-femininity, power distance* etc. Within the sociological and anthropological tradition the approach by Hofstede (2001), Trompenaars and Hampden-Turner (1997) and others has been criticised for being essentialist and conceptualising culture in a static and minimalist manner. Treating national identity as a set of pre-determined cultural imprints, thus fails to take into account variations, changes and the freedom each individual has to define their identity. Studies in intercultural communication in business have been dominated by quantitative studies. I believe anthropological theory can provide a more fruitful analytical framework for understanding communication between people with different backgrounds and knowledge.

Why study capitalism, business practice and market exchange? Today, we can say that to a great extent we live in an organisational society. Paid work significantly

shapes the life of most people, and large parts of our lives are spent within or in connection with organisations. There is a vast amount of theories on organisations designed to enhance the performance of organisations and businesses. Thus, management theories are shaping organisations and the thinking of managers and the way in which they view and perform leadership. Life across the globe is affected by capitalism which has an immense impact on society and our daily lives. Business practices have mostly been treated by social scientist as a form of economic action and thereby as utilitarian, aimed to meet material objectives. Nader (1972) argues that anthropologists need to “study up” and explore elites. Even though there are an increasing amount of anthropological studies on modern organisations, still few empirical studies have been undertaken regarding business organisations and large multinational corporations’ strategies, decisions and actions.

## **THEORETICAL FRAMEWORK**

I will situate the thesis theoretically by sketching the theoretical approach I have used to analyse the data gathered during fieldwork.

## **EXPLORING MODERN SOCIETY**

Ideas on what is called modernity have been given considerable theoretical attention in social science. Giddens (1990) argues that social relations are no longer limited to the local community. The shift to modernity is understood in terms of transformation and separation of time and space. Social relations are lifted out of the local interaction context, and disembedded from social relations in specific contexts (ibid: 21). Giddens (ibid: 22) separates between two types of disembedding mechanisms that has enabled modern institutions to develop, which he terms *abstract systems*. One he calls *symbolic tokens*, which implies that means of exchange are, within limits, independent of time, place and people. An example of symbolic tokens is money. The second mechanism is *expert systems*, which is organised by professional experts

who possess knowledge that we ourselves do not have or which do not surround us in our daily life. Management models are by some seen as disembedded, abstracted from a context, and presented as a homogenous and universal management applicable to any organisation.

Giddens (1991: 3) claims that *trust relations* have changed character as society has changed from being a traditional to being a modern society. In traditional society trust relations were characterised by direct contact with other people where tradition and religion restricted morals and values which again affect interaction between people. Most trust relations occur as direct personal relations within family and local community. However, this form of trust has in modern society diminished in favour of trust in abstract systems. Similarly, modernity is also characterised by risk. Giddens (1991: 109) contrast between the ways in which traditional and modern society relate to the concepts of fate and destiny. According to Giddens (ibid: 110), fate and a “let the events come as they will” sentiment prevailed in pre-modern society. However, modern society favours an orientation toward future events that are open to be shaped by human intervention, regulated by risk assessment (ibid: 111). He maintains that risk has become an important element in modernity and influences how actors organise the social world. The notion of risk has practically replaced the notion of fate. Risk has become a central element of modern society, which now seeks to manage future events (ibid).

Giddens’ concept of modernity draws a sharp distinction between what is assumed to be modern as opposed to what is assumed to be traditional. His ideas are built on a notion that modern society has developed certain distinct features. Some people, like Argyrou (2003), Tsing (2003) and Kolshus (2005), are sceptical towards this way of separating between new and relatively old phenomena independent of ethnographic context. Argyrou (2003) sees the concept of modernity as a new way of separating between “us” and “them”. The theory constructs a mythical reality of modernity by which western identity reproduces itself as superior to all traditional

conditions and less modern societies in the world. Kolshus (2005) finds that the concept of modernity has acquired an independent life, becoming an objective truth that is taken for granted. Pre-modern society is treated as a generalised entity which can be recognised by way of certain general characteristic. Lien (1997) finds that few attempts have been made to explore modernity as an empirical phenomenon, thereby exploring and challenging theoretical assumptions about modernity. In this study I have found Giddens' concepts of trust and risk to be valuable concepts that can be applied to the analysis of the interaction between Norwegian and Brazilian . I will in this thesis apply theories which arrive from sociological and anthropological thought, thereby questioning Giddens' perspective. My claim is that social phenomena such as trust, risk and authority must be understood in a cultural and historical context.

### **GRASPING THE INTERACTION BETWEEN NORWEGIANS AND BRAZILIANS**

The process of economic liberalisation, along with other global trends, has led researchers to question the significance of national culture and make predictions about the consequences of the so-called globalisation process (Ohmae 1990, Castells 2000, Reich 1992). According to Robert Reich (1992) this new global economy creates new international elites of knowledge producers and processors. The "symbolic analyst", who holds an occupation involving the non-standard manipulation of symbolic information (for example researchers, engineers, consultants and managers), builds up skills that are independent from specific organisational or particular locations. A discussion has also developed concerning the importance of culture, management and organisational development. Some have claimed that local cultural and institutional factors are crucial in the shaping of the development of management, organisation and particularly employees' attitudes towards working life (Hofstede and Trompenaars). On the other hand, some researchers have claimed that although local values are important for the development of employees' attitudes

towards work, the corporate culture in a multinational group becomes more and more important to local employees (Garsten 1994, Ohmae 1990).

Knowledge is constituted by the ways in which people categorise, code, process and impute meaning to their experiences. The topic of this thesis is that of interaction with people and institutions situated in different contexts, and the concept of *interface* may contribute to an analysis of these processes. According to Arce and Long (1992), interface conveys the idea of face-to-face encounters between individuals with differing interests, resources and power, creating an awareness of how different and possibly conflicting forms of knowledge intersect and interact. The concept interface shows how actors' goals, perceptions, values, interests and relationships through processes of interaction are reinforced or reshaped. The stories about "the other" can shed light on the informant's own experience and knowledge. To analyse the social interaction between individuals within different cultural and historical contexts and organisational settings I find Erving Goffman (1992) useful. He applies concepts from theatre to social situations, exploring how a social situation is created similarly to how a theatre act is acted out on stage. People's behaviour can be compared to an actor performing his role in a play, shaping his role from interaction to interaction.

## **GOVERNMENTALITY - UNDERSTANDING THE "INDIRECT" MECHANISMS**

I also find it fruitful, especially for the investigation of certain features of administration and the new principles of management introduced by the new owner in Adubos Trevo, to apply theories that can be portrayed as critical organisational theories. These theories are inspired by Foucault, and question the social reality by applying his concept of *governmentality*. The term government does not refer to "the Government", but to a diversity of ways of managing social reality. Importance is placed on the "indirect" mechanisms that constitute power. Hence, this concept

enables a deeper understanding of power relations between management and employees. Foucault (1991: 102) defines governmentality as:

an ensemble formed by the institutions, procedures, analyses and reflection, the calculations and tactics, that allow the exercise of this very specific albeit complex form of power.

This definition implies that when societies face different problems, they have particular ways of dealing with them which can be addressed by various authorities. Miller and Rose (1993: 78) name the object of study *the programmatic* character of governmentality. First, they see it as an explicit programme for reforming reality. Second, it is characterised by an eternal optimism that a domain or a society could be administered better or more effectively. The failure of one policy or a set of policies is always linked to proposed programmes that would work better, that would deliver economic growth, productivity, low inflation, full employment etc. Miller and Rose (ibid) are not concerned with evaluation per se, but look at evaluation as something internal to, or a component of, the phenomena that one wishes to study. Thus, the government of an organisation depends on a particular mode of representation that elaborates a language for thinking about the organisation and its employees. The term helps to understand the various ways in which domains of activity are managed relative to the ways they are conceptualised or represented, and are thus amenable to certain forms of intervention. I will apply this perspective in order to show the mechanisms through which management interventions are implemented. Theories inspired by post-structuralist theory, such as Foucault, are criticised for emphasising the disciplinary power and having a too weak notion of *agency*. Theories that concentrate on agency argue that they ignore that people are not just “bodies”, but also agents with the possibility of making choices and instigating change. Giddens criticises social theories that either concentrate on agents or structure that fails to unite the two different perspectives on society. He represents

Structuration theory, as Bourdieu and Habermas, who tried to bring together different perspectives on subject-object, actor-structure, individual-society and micro-macro.

## **AN OUTLINE OF THE THESIS**

This thesis is divided into three parts. The rest of part I will provide methodological and ethnographic background information. In chapter 2, I present the Norwegian businesses established in Brazil during the time of fieldwork. I will sketch the methodology used for collecting data. In addition, I will introduce the Brazilian and Norwegian setting to provide an ethnographic context for the research I conducted. The second and the third parts focus on different aspects of the communication between Norwegians and Brazilians in Brazil.

Part II concentrates on one of the Norwegian companies established in Brazil, Hydro's Agri division. At the time when I started my fieldwork, one of the Norwegian companies had recently acquired a Brazilian company, Adubos Trevo. I will explore the employees' views of the changes brought about by the new owners, and how the employees adapted to these changes. Part II is divided into two chapters. Chapter 3 focuses on the introduction of new management models and how these models affected the internal communication within the company. Chapter 4 deals with the introduction of long-term planning in relation to the perception of risk and how flexibility is viewed as a Brazilian value.

Part III explores the more general differences of practicing leadership and business in Norway and Brazil by analysing data from interviews with Norwegian and Brazilian in the Norwegian companies in Brazil. Chapter 5 explores the practice of leadership by Norwegian managers in the Brazilian context, while in chapter 6 I look at the Norwegian managers' experience of market exchange and trust in Brazil and the use of personal relationships in business. At last I will draw some conclusion and suggest some interesting topics for further studies in the concluding chapter.

## CHAPTER 2: THE SETTING AND METHODOLOGICAL REFLECTIONS

This chapter provides the setting for the thesis and introduces both the companies and the people involved. First, I will present the Norwegian companies in Brazil and the persons interviewed. I continue by introducing how I conducted fieldwork in Adubos Trevo. Then, I will present methodological reflections on the fieldwork I conducted. Lastly, I introduce the ethnographic context for both Norway and Brazil, focusing on the aspects that influence social relations in business and organisational settings.

### THE NORWEGIAN BUSINESSES AND EMPLOYEES IN BRAZIL

Inspired by neo-liberal policies, the Brazilian government opened up its economy for foreign investment after the fall of the military regime in 1985, and has later carried out a privatisation process. In Latin America the family, in the role of both owner and manager of a company, has sustained an influential presence and has been one of the main characteristics of the economy. Since the mid-80s, Brazil, as many other countries, has experienced an immense amount of direct foreign investment. Foreign companies which have invested in Brazil are mostly based in the US, Canada or Europe. In recent years Norwegian companies have grown and therefore expanded their international presence. During the same period that Brazil opened up for foreign investment, an increasing amount of Norwegian companies were establishing and conducting business in Brazil in areas not covered by the traditional trade in coffee and *bacalhau*<sup>1</sup>. Today, however, most of the large Norwegian companies have established offices in Brazil, such as Hydro, Kværner, Aker, Statoil, Norske Skog, Telenor and Veritas. A majority of the companies established in Brazil operate within the oil and gas sector, as well as telecommunications and shipping. The Norwegian companies are

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<sup>1</sup> *Bacalhau* in Portuguese means codfish in English or “tørrfisk” in Norwegian. It is considered a rather exclusive food due to the high price. However, one of the most common “light meals” in restaurants is *bacalhau* balls. For many *bacalhau* from Norway is considered the best quality *bacalhau* you can get. As a Norwegian in Brazil I was often reminded that *bacalhau* is one of the first things many Brazilians relate to Norway (and for many the only).

concentrated in the south of Brazil. Numerous companies have interests in Brazil's oil industry, and are based in and around Rio de Janeiro. One reason for this is that the huge state-owned oil company Petrobras is based in Rio de Janeiro. Other Norwegian companies are based in the commercial and financial capital of Brazil, São Paulo. The Norwegian export council has its head office in São Paulo, but they also have one branch in Rio de Janeiro. In addition there are some companies placed in the cities of Porto Alegre and Curitiba, which are located further south in Brazil.



A small number of Norwegian immigrant families have been conducting business in Brazil for generations. I only conducted interviews with a limited number of persons belonging to these families. Most of the Norwegians who work in Brazil or in Norwegian subsidiaries in Brazil are expatriates. The term *expatriates* refers to persons employed in company who are temporarily stationed abroad. They often hold key positions including top management, project management or departmental management. To many of the large companies with activities abroad, it is an integral part of the company's human resource policy to have overseas postings, which

motivate the employees themselves and also provide the company with internationally experienced employees. Traditionally, when a Norwegian company wants to establish itself in Brazil it often assigns Norwegian employees to the task. It seems to be a trend among Norwegian businesses to leave subsidiaries under local management control after the initial process of establishing or acquiring a Brazilian company. However, several of the people interviewed expressed problems with finding suitable Brazilians who they thought they could trust.

The people that work in the Norwegian companies in Brazil have a varying degree of contact with each other. I found that many of them are acquainted with other Norwegians or employees in the Norwegian companies. Some have loose or tight networks of business colleagues and/or friends. I also found that some of the employees in the Norwegian companies are recruited through the network of people connected to the Norwegian companies in Brazil. Among the Brazilians that work and have worked in Norway, there are several who came from a Norwegian subsidiary based in Brazil or another part of the world. One informant worked in Norway on a joint cooperation project between a Brazilian and a Norwegian company. I also talked to some young people who were doing internships for Norwegian companies organised through an exchange programme. Due to the fact that at the time of this research there were no Brazilian companies established in Norway, it was impossible to interview Norwegians working locally in Norway for Brazilian companies.

## **IN SEARCH OF THE FIELD**

Vered Amit (2000: 6) challenges the notion of some anthropologists of immersion in the field, arguing that researchers do not enter into an autonomous field that exists as an independently bound set of relationships and activities, because the world consists of an infinite number of interconnections and overlapping contexts. Initially, I intended to study the interaction between Norwegians and Brazilians by

conducting fieldwork in one or two of the largest Norwegian companies established in Brazil. In addition, I considered conducting some interviews outside the companies in order to get a broader perspective of the communication between Norwegians and Brazilians doing business with each other. As events progressed I managed to catch the interest of one of the Norwegian companies in Brazil, Hydro, where they agreed that I could conduct fieldwork in their local branch in Brazil, Adubos Trevo. After I returned from my initial stay in Brazil, having attended a language course and conducted some initial interviews, I contacted the new contact person that I had been assigned. In contrast to the previous contacts in Hydro, he was only prepared for me to conduct my research over a three week period in Adubos Trevo. After some considerations, I decided to continue my fieldwork in the anthropological spirit (or myth) of seeing how events unfolded in the field. I was hoping either to establish contact with another company or to conduct fieldwork on the interface between Brazilians and Norwegians (or other foreigners) working for Norwegian companies in Brazil. After discovering that only one Norwegian would be working in the company at the time of my fieldwork, I had to redefine the focus of my thesis to concentrate on the organisational changes in companies after the takeover.

As events unfolded, I found, as Amit (2000), that the circumstances defined the method rather than the method defining the circumstances. Lacking access to other companies, I decided to obtain a broader perspective on communication between Norwegians and Brazilians by contextualising the data I found in Adubos Trevo, which I did by interviewing Norwegians working in Brazil and Brazilians working in Norwegian companies in Brazil. Most of the Norwegian companies in Brazil have headquarters in the larger cities in the south of Brazil like Rio de Janeiro, São Paulo, Porto Alegre and Curitiba. If one is to study aspects of a phenomenon like globalisation, the focus of one's study will most likely be mobile, and the anthropologist will have to travel to various localities (Wulff: 2003). I conducted

interviews in all four cities referred to above. Since there is a higher density of Norwegian companies in Rio de Janeiro, I decided to conduct the fieldwork that would lay the foundation for part III of this thesis there. Altogether, I stayed in Rio de Janeiro for two months, using Hydro's small office there as a base. These studies were conducted in the first part of year 2002. Except the study I conducted of Adubos Trevo, the rest of the "field" for this thesis is not necessarily a self-conscious social group, but rather a social category that I have selected to study (Amit: 2000).

### **THE MAKING OF THE THESIS AND THE INTERPRETATION OF DATA**

My fieldwork can be divided into two parts. The first part of the fieldwork I conducted in one of the Norwegian companies located in Porto Alegre. Adubo Trevo is a fertilizer company, which was recently acquired by the Norwegian company Hydro. A more detailed account of Adubos Trevo will be given in part II. Altogether I stayed for 3 months in Porto Alegre. I lived with a family that had an apartment close to the company. I had become acquainted with one of the daughters of the family at an AIESEC conference. AIESEC is an international student organisation I used to be a member of. In Adubos Trevo, I had access to the weekly board meetings, visited one of the factories and conducted interviews. The management assigned me a computer in one of the three floors of the company building, from where I had the opportunity to observe and interact with the employees. In addition, interviews and informal conversations were conducted with most of the managers and many of the functionaries. Wadel (1991: 20) explained that it could be difficult to conduct research when you are involved with participating observation, which can often lead to practical problems. Having access to the company only for 3 months, I found it difficult to gain access to informal arenas at the work place, where much of the communication and activities occur outside formal meetings.

I met most of the informants interviewed for what has become part III once or several times. I was introduced to some of the informants by acquaintances/other

informants or I met them through Norwegian gatherings such as the 17 of May and Mid-summer celebrations. Others I initiated contact with directly. The Norwegian trade council (currently Innovation Norway) issues a list of the Norwegian companies established in Brazil. I used that list in order to get an overview of the Norwegian companies in Brazil and get in contact with the employees. In addition to the interviews I made in Adubos Trevo, I interviewed a total of 31 employees from 19 Norwegian companies in Brazil. The national background of employees interviewed were 14 Brazilian, while 16 were Norwegians and one of another nationality. Some of the informants I experienced to speak very freely, by for example speaking about company conflicts etc., while others gave me the impression that they gave me a “staged” version by moderating their language and the examples they gave. In the third part of this thesis I did not have the chance to make participatory observations, but I often interviewed people who referred to the same episodes both occurring in business relations between companies and inside the same company. When I interviewed employees from a Norwegian company I often interviewed several employees in order to get different perspectives, for example from people in different position and from both Brazilian and Norwegian employees in the Norwegian companies. In the interviews I used Portuguese, Norwegian and English. When meeting Norwegians the interviews were conducted in Norwegian. When I interviewed the Brazilians I let the interviewee choose the language, either Portuguese or English. In Adubos Trevo the employees predominantly used Portuguese, and half of the interviews with Brazilian employees were done in Portuguese. All the informants were promised anonymity. Since few people are employed in management positions in the Norwegian companies in Brazil, I decided not to use the name of the companies in question.

I started by asking how the informants experienced doing business and working in a Norwegian company or in Brazil. Usually, the informant had so much to tell that I just asked simple follow-up questions such as: Can you give some

examples? Can you explain to me what you meant about (a certain issue that was mentioned)? Several times I had the chance to talk to different people involved in the same incident, and I could compare the different descriptions of the situation. This way I could compare what different people in one company said about the same issues. In addition, some of the people referred to episodes, people and companies that I had already met or interviewed on the same topic. This led to interesting comparisons and perspectives. A few times I conducted group interviews with several people, but this was not done in Adubos Trevo. It gave the informants a chance to give their opinion and discuss their points of view. These interviews and the interviews conducted in Adubos Trevo referring to accounts of previous events can be termed *narratives*. According to Deborah R. Litvin (in Czarniawska and Höpfl: 2002), narratives can be defined as “thematic, sequenced accounts that convey meaning from implied author to implied reader” or “the symbolic presentation of a sequence of events connected by subject matter and related by time” or “simply telling another that something occurred”. Narratives provide order to complex and ambiguous events, and are not accurate reports of an objective reality. Thus, narratives are interpretations based on different sets of assumptions, preferences and interests, which are selectively presented. They are always told from a particular point of view. In order to make a story credible people may strive to make a coherent and consistent presentation, because people generally want to give a favourable or morally acceptable portrayal, and this might influence what kind of occurrences and examples they choose to talk about. The critique raised towards the usage of narratives is that the people interviewed remember events that fit into the format and which are already available to the social group that the person belongs to, and important to the person’s identity and relations in the present (Hans W. Kristiansen 2004: 57). The process approach to life stories which I find valuable for analysing narratives in general is formulated by Peacock and Holland (1993), and holds that even though narratives do not give full access to all information, it does not mean

that they cannot say anything at all. This approach accepts that a person's later or present experiences influence what is included in the story claimed by the storyteller to be taken seriously and that their stories are part of a lived reality. However, they underline the importance of drawing an analytical separation between the story and the lived life. They also contend that life and stories mutually affect each other. Thus, the social and cultural context of the story becomes important to the understanding of the narratives. Peacock and Holland (1993) stress that in order to analyse narratives, it is important that the research does not limit the description of the context so that it excludes important social and cultural processes around the narratives that form and make them understandable.

## **US AND THEM**

Conducting fieldwork in Brazil on the communication between Norwegian and Brazilian, while actually being Norwegian, raises some methodological questions. One may run the danger of conducting a study based on biased assumptions. I have attempted to keep that especially in mind while conducting interviews and analysis for part III of the thesis, where I focus on the experience of informants working and conducting business in Norway and Brazil. The stereotypes given by the Norwegian and Brazilian informants of Latin Americans and North Europeans are that they are warm and cold people respectively. The Latin Americans express their feelings and show emotions, while North Europeans are rational and closed. Adler (1997:75) points out that stereotyping involve a form of categorisation that organises our experience and guides our behaviour towards "others". Categorisation is a part of all human activity, and people are able to navigate in a complex world because they categorise, forming generalisations about the alleged behavioural norms for members of a particular group, rather than describing individual behaviour. As Edvard Said indicates, stereotypes have a tendency to construct a description of the

“other” that is ethnocentric, where the descriptions focus on the foreign differences and are based on previously identified categories, values and meaning.

When doing fieldwork in a “modern” setting, I was faced with different concepts of what is a fieldworker and natives. As Wulf suggests, there are not only new kinds of fieldworkers, more or less native: insiders,’ as I believe to be the most appropriate term, are also different compared to the traditional anthropological view. Most of the informants had higher education, most of them having been educated in business and administration or in engineering. Some of the Norwegian informants had studied or written theses in intercultural communication at business schools both in Norway and abroad. Thus, their studies might have affected their opinions and concepts used when describing their point of view in interviews.

From the people I interviewed I recorded various experiences on what it is like to work with people from another country and culture. Some of the people, who had only stayed abroad for shorter periods or worked in companies dominated by a Brazilian environment, often described their experience as frustrating. The experience of going abroad can be related to what Van Gennep and Turner wrote on initiation rites, the process of departing from one status to another in a society. Settling in another country often involves reversing or altering established practices and values, and for that reason one might initially fall into a state of confusion about what is happening. One woman I interviewed told me that the first time she returned to Norway she told her family that she was unable to trust many Brazilians because she believed they would often lie. After staying some time in Brazil she said that she had become familiar with their way of expressing themselves. On the other hand, I encountered people with long stays in Brazil who had changed some of their values and enjoyed working and doing business in Brazil more than working in Norway. It is possible to assume that those people who do not enjoy their stay in Brazil do not stay for longer periods and return to their work in Norway.

In the interviews the Norwegians often assume a shared understanding. Both the Norwegian and Brazilian informants often asked me questions during or after the interview and in informal conversations, using me as a kind of “cultural translator” and explaining their frustrations or things that they had been thinking about which they did not understand. In Adubos Trevo I experienced this several times, for example with one girl who told me a story about a company dinner where she had been sitting next to one of the Norwegians. This girl had expected the man to pass her the food and pour beer in her glass, but she waited in vain and eventually found that she had to serve herself. She disappointedly and jokingly asked me if this was common in Norway. Another time one of the secretaries mentioned that they had noticed the Norwegian boss answering the phone by first saying his name. She explained that internally in companies in Brazil it is common to say for example *diga* (speak) and then let the other person introduce him- or herself. The Norwegian in question had mentioned to me that he was annoyed with this practice because he thought that it was more polite if the person answering the phone introduced him- or herself first. I had to explain to the secretary that this is the common practice in Norway, and that he had simply continued to do what he was used to.

In order to analyse and contextualise the interaction between Norwegians and Brazilians I will use ethnography from these two countries. I therefore find it necessary to give a short ethnographic introduction to both Norway and Brazil.

## **INTRODUCING BRAZILIAN ETHNOGRAPHY**

One of the first things that struck me during my fieldwork was the complexity and the contrast I encountered within the country. Brazil is the largest country in Latin America, but is distinguished from the other countries on the continent in various ways. One of these is its Portuguese colonial past, which means that Portuguese is spoken instead of Spanish as in most other Latin American countries. Brazil’s best known anthropologist Gilberto Freyre (1959) described Brazil as a “lusotropical”

civilization as it brought together the Portuguese (the Romans called Portugal Lusotania) and the tropics of the southern hemisphere.

In Brazil, the different regions often have distinct traditions and characteristics. From the Northeast, where the African influence from the slave trade is strong, to the South, where people take great pride in their European (mostly German and Italian) heritage and their distinct Gaucho traditions. However, complexity is not only found in the regional differences but also in the economic differences between the people. In the South, poverty and the difference between rich and poor are not so great, whereas in the Northeast the gap is substantial. Overall, Brazil has one of the largest differences between rich and poor in the world.

Roberto DaMatta and Hess (1995: 2) argue in the book *The Brazilian Puzzle* that both the modern and the traditional exist side by side in the Brazil of today. Even though Brazilian society has been industrialised and urbanised, they raise questions concerning the explicit assumption that Brazilian society is becoming more modern at the expense of the traditional. They challenge this view by referring to the existence of two Brazils: the modern, urban, westernised and upper-class Brazil and the rural, traditional, lower-class and non-westernised Brazil.

DaMatta (1995) argues that in Brazil there is an ongoing and constant negotiation between the modern egalitarian codes and the traditional hierarchical codes. He believes that both types of values interact across social groups, institutions and practices. Therefore he opts for a “both-and” model rather than an “either-or” model. Thus, it is important to look for this dynamic in Brazilian society, where aspects of both types of values are present. DaMatta (1985) uses the terms *casa* (house or home) and *a rua* (the street) as symbols of moral universes, where *casa* represents the hierarchical and the holistic moral world while *rua* represents the egalitarian and individualistic world. The *casa* is not only a place to stay, but also a place where the family as a unity/unit develops a strong sense of moral through honour, shame and respect. In the house you are an individual person while on the street you are just a

part of the people/you are just one of many, and can therefore be considered as something less than an individual (ibid). The street is also characterised as the male domain, whereas the house is the domain of the females. A *rua* can turn the traditional hierarchy upside down, because one is liberated from the personal bonds in *casa*: the poor can rob the rich, women can flirt with men, and children do not need to follow their parents etc. Instead of the personal duties and a hierarchical social organisation associated with the *casa*, the *rua* is associated with personal independence and people are judged on each individual's criteria.

Da Matta (1991) suggests further that there are some mediating terms that exist between the *casa* and the *rua* that are seen as corrupt or not considered "good". He points to "rituals" and "social dramas" in everyday Brazilian society as a manifestation of these practices. As an example he talks about the condescending line, "*Do you know who you are talking to?*" When this question is asked, the individualistic, egalitarian situation is redefined as a situation where the hierarchy and social positions become important for the outcome. One classic example is the police officer who wants to give a fine to a person that has violated traffic rules, yet it turns out that the person who committed the violation has good connections with the superior of the police officer. The conclusion is that the police officer has to apologise later for having conducted his duties. Another example of such a ritual is the *dar um jeito* or *jeitinho*, which I will return to in part II. DaMatta and Hess (1995: 10) argue that similar episodes can occur in the West as well, but not as often as they do in Brazil. In Brazil, more people use techniques such as this, which is often seen as undesirable but mostly met with a shrug of the shoulders because that is "the way the system works".

Sérgio Buarque de Holanda (in Carmo 1998: 15) has written about two ideal types of persons that describe the different kinds of settlers in Brazil, of which both have different ethics or philosophies of life. First, there is the *aventureiro* (adventurer), who is more concerned about outcome than the work process itself. Holanda notes

that this description is characteristic of the Portuguese, who came to South America to explore new territories. Then there is the *trabalhador* (working man), who values hard work, routines, security and discipline. These are characteristics of the later immigrants such as the Italians and Germans, who became involved in farming or worked in the industry. Paulo Sérgio do Carmo (1998: 17) connects this view with Weber's work "The Protestant Ethic and the Spirit of Capitalism". The Protestants valued hard work and modesty during life, while the Catholics gave more importance to destiny. The Catholic Church has had a significant influence on Brazilian society, among other things because it inherited many of its traditions from Portugal, and it was therefore influenced only mildly by capitalist thought compared to, for example, Great Britain.

In an article about meritocracy, Livia Martins Pinheiro Neves (2000) compares the practice of meritocracy in USA, Brazil and Japan. She finds that the strong inequality in income in Brazil has been instrumental in reinforcing disbelief in the virtues of hard work as a means for social mobility. Individuals are evaluated by others in relation to: first, the social position of each individual (poor, rich, etc.); secondly, structural deficiencies in the Brazilian system (for example failing educational policies, the students can not prepare themselves because they do not have the books they need); and thirdly, personal idiosyncrasies like family ties etc. need to be taken into consideration. From the time of the earliest Portuguese settlements, the upper-classes of Brazil did not value manual labour very high. Physical labour was and still is associated with the work for poor people or slaves, a practice that was outlawed only in 1890. Work and wealth are associated more with exploitation, failure, adventure, risk, luck and corruption (Neves 2000: 343). Neves (ibid: 342) argues that Brazilians doubt the formal equality of opportunities and the capacity of the individual by own determination and effort to shape their own reality. As a contrast to the determined and steady cumulative effort in reformed Protestant societies as portrayed by Weber, Neves (ibid) finds that those who are

portrayed as heroes in Brazil are admired for their survival or resistance in unfavourable circumstances such as Jeca Tatu, Maunaíma, and the urban *malandro* (a person who do not work, and always tries to earn the most with a minimum of effort).

Brazil has had a turbulent economic history during the modern period. Recently, the inflation rates have been extremely high. After the transition to democracy, and during the government of Sarney in the 1980s, inflation increased rapidly and reached around 20 percent per month or more than 2 000 percent per year (Eakin 1998: 249). Eakin (ibid: 255) discusses the inflation in the years of president Collor;

Inflation stabilized at around 10 percent per month by mid-1991, and then headed into the 20-40 percent per month range in 1992, 1993 and 1994. In 1993, the country suffered its worst inflation ever, passing 2 500 percent for the year. (The previous high was nearly 1 800 percent in 1989.) Although technically the nation has not experienced hyperinflation, prices set at 100 on one consumer index in early 1986 had passed 3 000 000 by early 1991.

With the introduction of the Real Plan in 1994, the government gained control over the inflation. In the beginning of the 1980s, there was, as in most other Latin American countries, a transition from a military regime to democracy. As this transition occurred, Brazil applied neo-liberal politics and gradually opened up its trade barriers for foreign investment. One of my Norwegian informants, who had worked in Brazil since the 1970s, argued that the country has changed drastically during recent years. Previously there were more family-owned companies, whereas today there is a large variety of ownership and organising principles. Still, there exist family-owned companies with strong hierarchies where the owners are in control, but today there are also many shareholding companies operating on American or European models.

The Norwegian informant also told me about differences in attitude towards the ways in which Norwegian business people conduct business in Brazil. He said that previously, a typical attitude would have been that of a Norwegian wanting to show the Brazilians how to do business. Today, however, there is more awareness among the Norwegians towards conducting business by focusing on local practice. In his opinion, the cultural differences between doing business in Norway and Brazil are not as large now as when he came to Brazil in the middle of the 1970s. In his opinion, Brazil at that time was a closed country and the way business was conducted was very different from how it was done in Norway and in Europe.

### INTRODUCING NORWEGIAN ETHNOGRAPHY

As a contrast it is often said with irony in Norwegian newspapers that Norway is *annerledeslandet* (the country that is different). Norway had been under Danish and Swedish rule for over 500 years when the country gained its independence in 1905. Compared to other European states, and even the other Scandinavian states, Norway has been in a special position with small class differences and few strong personal dependency bonds (Lien, Lidén and Vike 2001: 20).

Gullestad was one of the first Norwegian social anthropologists who carried out extensive fieldwork in Norway. Dumont, who wrote a comparative study of India and USA, explored concepts that are important to modernity, like *equality* and *hierarchy*. Gullestad introduces the terms *equality* and *sameness* to describe characteristics typical of Norway and Norwegian daily life. She argues that the term *equality* in the USA means “equality of opportunity”, while in Norway the terms *equality* and *sameness* intersect because the Norwegian term *likhet* is used by people to describe both of these two terms. She argues that in Norway the term emphasises similarity in the process of social life as well as similar results. Differences between people are quickly perceived of as injustice and caused by an unwanted hierarchy (Gullestad 1992: 185). *Likhetens paradoks* (The paradox of equality) (Lien, Lidén and

Vike 2001) further explores the idea of equality as it is viewed in Norway and takes the investigation deeper into the myth and the reality of ideas about equality. The authors argue that the idea of equality has a strong presence in Norwegian society as a code for interaction, as a goal for the political ideology and as a national myth. However, they contend that the idea of equality today is more about agreeing on equal rules in different forms of market competition than about equality as the same result for everybody. Further, they try to explore what kind of implications lie behind the idea of equality by looking at it as an ideal and a code while at the same time exploring mechanisms that do the opposite – that is, create difference. In today's society people have greater access to more ways of being different than in the past. The authors find that even though the idea of equality is a discourse that is alive in codes and conventions, individuality has also become a stronger social ideal with a stronger emphasis on acting and expressing the genuinely personal (ibid: 19).

As honour and shame have been used as important concepts to understand the Mediterranean societies and Latin America, *skam* (shame) has been used to describe the North of Europe. *Skam* is when you do something which is considered wrong, and this something affects your own self-consciousness rather than the honour or shame of you and your family. In the 1800 hundreds the puritanical protestant religiosity became strong, particularly in certain parts of the country, like the south and the west. This puritanical idea stressed the importance of *å klare seg selv* (to manage by yourself), and to be responsible before God in a broad sense (ibid: 21). Norway can be said to have been strongly influenced by what Weber calls the "Protestant Ethic". Gullestad (1992: 198) also stresses the importance of autonomy as a value, and not being dependent on others. She argues that *uavhengighet* (independence) and *frihet* (freedom) are highly positive notions, while for example hierarchy is associated with something negative.

Francis Sejersted (1993) labelled the capitalist development in Norway in the 20<sup>th</sup> century as *democratic capitalism*, where capitalism is combined with democratic

principles of equality and justice. Industrial development was marked by a view that capitalism should serve society and not only capitalists alone. Since the start of the 1900s, the workers' movement got a strong foothold in Norwegian politics, as in the other Scandinavian countries. After the Second World War, Norway and its Nordic neighbours developed a strong welfare state. It was a model of politics positioned against markets, where the state was involved with industrial planning and welfare redistribution side by side with market forces, a cooperation aimed at fostering the development of wealth and welfare (Byrkjeflot 2003: 28). When introduced, the social welfare state was meant to alter the balance of class power to the advantage of social democracy by reducing the workers dependency of the firm (ibid: 27). Since the state has such an important role in the country, Lien et al. (2001:23) argue that a great majority also have confidence that the state will take responsibility for their interests and expect the government to do what is for "the good" of the people. This does of course not imply that people always agree with or are satisfied with what the government does. The discovery of oil in the North Sea in the early 70s brought about great changes for the country, and the Norwegian economy today is largely dependent on this oil production alongside the exportation of fish.

Recently, Christensen et al. (2003) have argued that a shift is occurring from democratic capitalism towards capitalistic democracy. The traditional model has been challenged by neo-liberalism and the shareholder value movement. There is now a stronger emphasis on customer-oriented and visionary management as opposed to representative and constitutional management. The liberalisation process of the economy and the need for internationalisation of business has required the state-owned companies to adapt. The Hydro model, which divides the ownership between the state and private interests, has provided an alternative to private ownership. This model has satisfied both the political motives of securing national ownership in important industries and the aim of efficient leadership.

## PART II

### FROM “JEITINHO BRASILEIRO” TO A PART OF A MULTINATIONAL NORWEGIAN COMPANY: THE CASE OF ADUBOS TREVO

In part II, I will look at Adubos Trevo, a Brazilian company run and owned by a family and acquired by Hydro, a large multinational corporation based in Norway. How does this kind of acquisition affect the practices and discourse among the employees in the companies acquired? In analysing this process, the growing use of organisation theory and ideas of how to run organisations and businesses become a central element. Organisations and corporations around the world employ the same technology, systems and management principles<sup>2</sup>. Rolfsen (2000) finds that the introduction of these concepts is shaped by trends, where different management ideas are in fashion. Rørvik (1998) finds that companies are becoming more homogenous as they are introducing the same principles. The same theories and principles are taught in business and organisation studies (Marceau 1989), sold as management literature and applied by consultant firms around the world (Rolfsen 2000). Certain organisation theories and principles are considered by some to be disembodied and abstracted from a context and presented as homogeneous and universal management principles for any organisation, comparable to what Giddens terms *expert systems*. In this chapter I explore how Adubos Trevo and the employees were affected by the acquisition by focusing on management principles that were introduced which were.

Part II is divided into two chapters. In the next chapter (3), I will analyse the increased focus on management principles and the implications this may have on communication and decision-making in the organisation. In chapter 4 I will explore

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<sup>2</sup> These management principles are also extended beyond the business sector to the public sector (Miller and Rose 1993, Strathern 2000) and in development aid (Green 2003, Batterbury, Simon; Lewis, D. J.; Bebbington, A. J.; Shah, A.; Olson, E.; Siddiqi, M. S.; Duvall, S. 2003).

the stricter emphasis given to bureaucratic rules and the introduction of planning as a management principle in relation to the concept of risk. The expression “jeitinho brasileiro”, used by the informants to describe a wish for more flexibility will be examined in relation to how it is defined and identified as a Brazilian characteristic. I will in the remaining part of this introduction give an account of the field I encountered in Hydro and Adubos Trevo.

## INTRODUCING ADUBOS TREVO

Adubos Trevo was founded in 1867 in the southernmost state in Brazil, Rio Grande do Sul. According to one of the former Presidents, who were also one of the previous owners of Adubos Trevo, the company was first owned by one person, who after a period invited two of his employees to join as owners of the company. The company continued to stay in the hands of these three and the descendants of their families, who held positions on the board as well as in the company itself. During the 1960s, the company started to focus on fertilisers and experienced strong growth. It has since become one of the largest producers of fertilisers in southern Brazil. In 1994, the company had experienced a boom and was among one of the leading companies in the region in the production of fertilisers. In the middle of the 1990s Adubos Trevo ran into serious economic difficulties and faced bankruptcy. Consequently, the company could not satisfy the creditors' demands and the company had to find new investors that could help them out of the situation. The following figures demonstrate the company's development during the 1990s:

- 1994: Adubos Trevo produces 1.6 million tons of fertilizer. The company has 2,000 employees and 20 directors.
- 1996: Annual production has fallen to 500,000 tons. The company now has 400 employees led by three directors.

- 2002: Annual production has risen to 16.6 million tons. The company has grown back to 800 employees, led by 5 directors.

As the figures above indicate, the period in the late 90's implied great turbulence for the owners and the employees involved.

### **HYDRO'S PURCHASE OF ADUBOS TREVO**

During the financial crisis, Adubos Trevo was looking for a new owner. The company had been familiar with Hydro since 1995, when Hydro showed interest in buying it. After a long period of negotiations, Hydro finally bought the company in 1999. Since it had been in a state of crisis and on the verge of bankruptcy, the employees were relieved that the owners had found a solution to the financial problems. When the company landed in financial difficulties, the owners had tried to save money by cutting down on the staff expenses. In the administration in Porto Alegre only a few of the staff remained on permanent contracts, while most of the employees were offered short-term contracts. As a result, several employees found work in other companies. The sale of the company meant that the remaining employees would keep their jobs which, according to most of the employees, obviously imparted a sense of relief. However, since it was a foreign company taking over, a great deal of scepticism abounded during the initial stages of the takeover.

Hydro itself was founded in 1905, and as one of the largest companies in Norway it has played a prominent role in Norwegian history. The state has since the Second World War owned nearly 50% of the shares. The primary aim for the state ownership was to keep the ownership in Norwegian hands (Christensen 2003:110). The head office is located in Oslo. From 1972 to 1988 its turnover has grown from 1 to 96 billion NOK. At the time of my fieldwork the company was divided into three parts: Oil and Energy, Aluminium, and Agri. Adubos Trevo belong to the Agri division, which focuses on fertilisers. Hydro's fertiliser unit has always been turned

towards the international market as the company has been dependent on sales across borders (Lie 2005: 333). Gradually, Hydro became established in Europe by acquiring European corporations, and from the mid-90s Hydro Agri became a global actor in the fertiliser market (ibid). Within Hydro, Adubos Trevo has to relate to various parts of the company, such as the head office in Oslo and the Latin American division in Paris.

When I started my field research in Adubos Trevo in 2002, the company had been in Norwegian ownership for a few years. During the period of my stay they had started a process of reorganising the company and worked to make the flow of information more efficient. I was back again for a short visit six months later, in December 2002, and could clearly notice changes in the formal organisation.

### THE HEAD OFFICE AND THE COMPANY STRUCTURE

Porto Alegre has few famous attractions. However, one that the locals are very proud of is the sunset across the lake. Every afternoon you find people enjoying the sunset, drinking *chimmarao*<sup>3</sup> or jogging along the path around the lake. The head office of Adubos Trevo is situated in the outskirts of the city centre close to the lake where you can see the well-known sunset. The building is owned by the former owners of the company and shared by several companies, but Adubos Trevo uses the part that faces the street. There are around 90 employees working in the head office. The main activities of the company are carried out on 3 floors. On the top floor is lies the office of the president and his secretary, the legal section and meeting rooms where important meetings take place. The external relations manager also has his office here and it is intended that some of the other department managers will also have their offices on this floor after a refurbishing process. The two lower floors have a different layout than the final floor, but are almost identical. The functionaries' desks

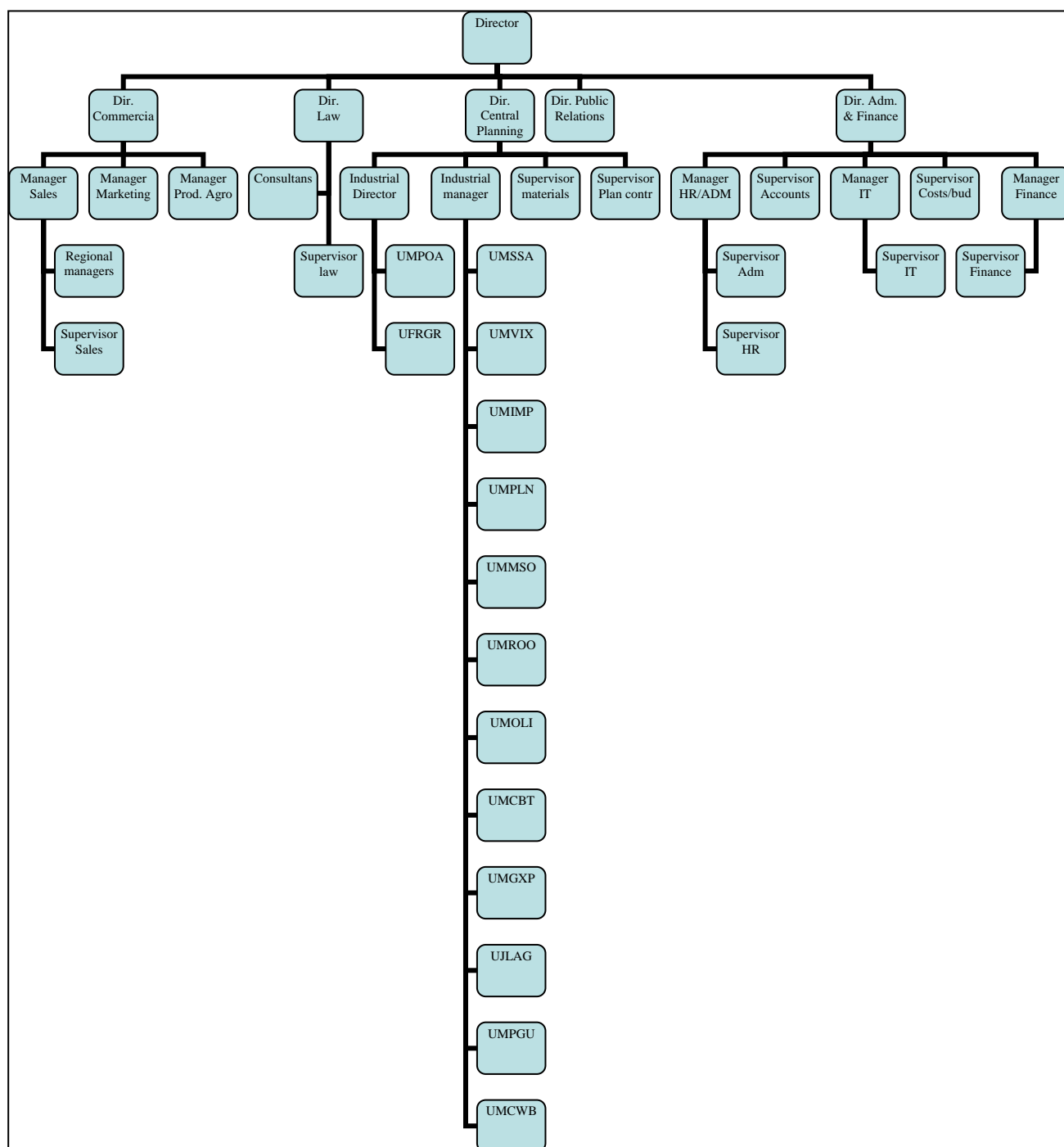
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<sup>3</sup> Chimmarao can be described like tea, and it is drunk from a special "cup" It is often shared by several people, who drink the tea in turn. It is also an important cultural symbol related to the southern states in Brazil, and Rio Grande do Sul more specifically.

are organised in diagonal lines where there are desks on each side of the line with computers on each side. The managers of the different sections have their desks at the end of the lines, facing the employees. Thus, the managers have an overview of what is going on in the room and in their section. By placing the desks of the managers in such a manner, it also clearly states who the manager is. Before you enter any of the floors you need a key card, and next to the entrance of each floor is a coffee machine. During the day, it regularly happens that people gather around the coffee machine to have a coffee or a short break. During the time I was in the company they also started to put up information and news from Hydro or Adubos Trevo on the wall in the area surrounding the coffee machine. The people working on the top floor and the managers are served coffee by a maid, who comes around with the coffee to the offices. The working hours are from 09.00 until 18.00. Around 18.00 people slowly start to leave the office, although some may stay until much later. In Brazil, the most important meal is the *almoco* (lunch), where you eat warm food. The *almoco* is held around one o'clock and lasts for about one hour. During that hour people can go home, eat at the office or at some of the restaurants in the area.

Senior to the President of Adubos Trevo is the Board of Advisers, which consists of representatives from Hydro. Below the President the company has five Directors, and below them exist various numbers of layers, depending on the department. The company has the following departments: the commercial departments, which are involved with marketing, sales and development of new products; the central planning department in charge of the 14 factories that belong to the company and the supplies of the raw materials; the department of administration and finance, which work with human resources, computer system and finance; the law department; and, finally, the public relations department.

## The company structure of Adubos Trevo



Men dominate the leading positions in the company, and there are not many female managers. However, many women expressed ambitions to climb in the organisational hierarchy. There was awareness among the employees in the

organisation that the leadership wanted more female representation in the higher positions.

### **A SURPRISINGLY POSITIVE ATTITUDE AMONG THE EMPLOYEES**

As previously explained, the situation before Hydro took over was described by some employees as turbulent. The former management and the union had serious disputes and were not able to communicate well, and for some period the only place they did communicate was in court. There were protests in front of the office and court cases that dragged on for some time. In one interview an employee mentioned that there has now been great improvement in the relationship the company has with the labour union. I arranged an interview with the director who served as the interim president of the company while the person who was going to be president was waiting for his work permit. Before he started working in Adubos Trevo, the director had been locally employed in Hydro for several years. He told me that one of the first things that he did was to initiate better cooperation between the union and the company. He argued that it was something that he learned from Hydro, and pointed to the fact that the board in Hydro in Norway had three representatives from the employees. Hence, he had learned from working in Hydro that it was important to have good cooperation between the company and the labour unions. Although the current relationship was not described as excellent, there had been great improvement in the communication between the union and the company.

The employees themselves pointed out that the attitudes of the workers toward Hydro seemed to become more positive when they realised that Hydro would invest in the company itself and the surroundings, signalling that Hydro would retain the company as a long-term investment and not exploit it until there was nothing left of value. The employees also mentioned that Hydro's decision not to rename the company, but rather to retain the Adubos Trevo name, gave the employees and the market a positive signal. One of the managers told me with pride

and satisfaction that some of the employees had asked if they could start to have the Hydro logo together with the present logo of Adubos Trevo on their business cards.

Hydro invested heavily in programs like “Health, Environment and Safety” (HES) and “Corporate Social Responsibility” (CSR). According to one employee at a factory:

For Hydro, people and society are important. We did not have it earlier; there was more focus on the work and the salary. Now there are also concerns about other things like education, safety and doctors.

The employees seem enthusiastic about the fact that the company has invested in such issues. The employees in Adubos Trevo said that the previous owners did not consider HES to be as important as the present owner does, and more generally that companies in Brazil do not put the same importance on HES as is done in Norway.

A number of people stressed the importance of the fact that they have received more resources and that the technological situation has improved after the takeover. Adubos Trevo had previously concentrated its activity on the national market where there was little need for English speakers. Now, however, the company is part of a larger corporation and more of the employees have the chance to travel through seminars and courses arranged by Hydro. During the time I was present in the company there were several people in various positions in the company that had been to other countries such as Norway. Some pointed out that this had led the employees to become more open-minded, and they saw it as a positive opportunity. This has also been a challenge for many employees because they have had to gain more knowledge of English. During my stay, several employees attended English courses, and were concerned about their proficiency in English<sup>4</sup>. Adubos Trevo has

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<sup>4</sup> Brazil in general has a very poor knowledge in English. Both the private and the public schools are considered to give substandard English education. It is very popular among the youth, who can afford it, to take extra evening lessons in English

(and had under the previous owners) one in-house English teacher giving classes to the employees, for which the company pays part of the fee.

Many of the employees seemed hardworking and enthusiastic about their work and the company. I had expected to find more scepticism and reluctance toward the new owners and the changes they brought with them. After having discussed these thoughts with other external sources that knew both the company and the people involved, I came to accept the positive attitude of many of the employees more readily. I found the people in the company to be very competent and many of them were very ambitious and concerned about their careers. I got the impression that there is tough competition among the employees, especially in some departments, for positions and work tasks.

#### **ADUBOS TREVO VIEWED FROM THE PARIS OFFICE**

One year after conducting my fieldwork in Brazil, I interviewed two people in Hydro's Paris office. The Paris office, along with the headquarters in Oslo, sets the agenda for Adubos Trevo. Both the people at the Paris office stressed that Adubos Trevo was a well-organised company before the takeover, but with a chaotic financial situation. In some areas they found that Adubos Trevo was performing better than Hydro, such as in human resources. Adubos Trevo assists well-performing employees with career plans, and supports employees with working class backgrounds wishing to take further education. The division in Hydro that was working with Adubos Trevo learned several things from their human resources department, and had started to pay more attention to this area by for example focusing on career planning.

The people in Hydro's Paris office seemed very proud of the merger between Hydro and Adubos Trevo and claimed that it had been a success. They indicated that few other acquisitions had been running as smoothly as Adubos Trevo, and as was stated in an interview: "You will never again find such a good match". One of the

reasons might be that the people involved know Latin America well and knew about the cultural differences. Several of the managers in Adubos Trevo mentioned that the first President involved from Hydro had emphasised from the start that he was concerned with bringing the best from the two companies and cultures together, and learning from each other. Another reason was that Hydro involved employees that were employed in Hydro elsewhere in Brazil and Argentina. Hence, some of the directors were to a large extent familiar with Hydro and its characteristics. Most of the present directors had previously worked for Adubos Trevo, but during the period of the crisis most worked in other companies such as Hydro. Some of directors, managers and other employees, who worked in Adubos Trevo before the crisis but who had joined other companies, were now recruited by former colleagues in Adubos Trevo to re-join the company again. Yet others had worked for Adubos Trevo throughout the crisis period, and others still had worked for Hydro only. It seems to have been a strategic decision by the team that took over Adubos Trevo to employ people whom they knew to be good, efficient and hard-working.

## CHAPTER 4: THE INTRODUCTION OF NEW MODELS FOR MANAGEMENT

In this chapter, I will explore the adjustments introduced to the company after it changed its ownership structure from that of a family company to a large multinational corporation. Hydro has introduced “Key Performance Indicators” (KPI) and management techniques that emphasise certain values like teamwork, open communication and delegation. These values seem to echo management consultants like Peter Drucker, who in the 1950s and 1960s formulated “management by objectives” as an alternative to the classical management traditions. He argued that the management should establish participation, harmony and community in the company. The employees should identify with the goals of the company and see it as their aim to promote those, rather than the managers themselves merely directly governing and controlling the employees. According to Gabrielsen (1985: 64) management by objectives has been an important management principle in modern organisation theory. According to theories like *scientific management* and *administrative science*, the goals of the organisation were more or less obvious: more profit, surplus and increased production. On the other hand, modern organisation theory stresses the importance of developing a strategy by setting future goals and allocating resources that are necessary in order to achieve the goals. According to Shore and Wright (1997:239) policy can serve as a guide to behaviour and “charter for action”, as in Malinowski’s notion of “myth” in Trobriand society. Decisions and new policies shape the directions of the organisation and the lives of the people working within it, including the stakeholders. Decision-making can be viewed as being fundamentally concerned with the allocation and exercise of power in organisations; who is involved in the making of decisions and who is left out, who is in a position to exercise influence, and who can introduce and keep issues on the agenda.

In this chapter, the changes introduced after Hydro's acquisition will be analysed by means of observations and interviews conducted in Adubos Trevo. It will focus specifically on the acquisition process and management principles introduced.

First I explore through the employees' narratives a shift in the visible elements of hierarchy and management style. I then continue by looking at how the practice of leadership has changed from the former to the present ownership. Thirdly, I analyse how the introduction of new management principles have resulted in different procedures and interactions within the company. Finally, I will look at how Hydro's ambition to increase internal communication and participation has affected relations within the company.

### **CHANGES IN THE ROLE OF THE COMPANY PRESIDENT**

Both of the presidents of Adubos Trevo since the acquisition have been non-Brazilian, and both had worked for Hydro for many years before their presidency. The first president was Norwegian, while the current president is an American. During talks with functionaries and managers in Adubos Trevo, great differences were noted between the management styles of the previous Brazilian presidents and the current American president.

As referred to in the previous chapter, a significant downsizing was initiated during the crisis which led to a leaner company structure with a less layered hierarchy. According to Bianca Braum, the secretary of the current president, a far more open attitude prevails because anybody who wants to can, in principle, drop by the office. There is no longer an official need to make an appointment with the secretary, though many still prefer to do so. "When the current president is not in meetings the door is always open", Bianca Braum said. Before the downsizing, when the president wanted to speak with an employee, his secretary would arrange for a time and date for the meeting, and this information would be relayed back to the

president. On the other hand, if an employee wanted to speak to the president they first contacted the secretary in their section, who would then contact the floor secretary, who would then forward the message to the president's secretary. The president's secretary would then contact the president. This whole process worked in reverse when the president responded to the message. Meetings were then held in the president's office. During the time I spent in the company, it was common to see the current president contacting employees directly, even outside his office. Despite this change, Bianca Braum indicated, there is still a great deal of respect for the status implied in the title 'president', which is especially felt by the functionaries who note a barrier of formality that makes it difficult to approach the president in his office.

I interviewed Livia Cassoll, who is one of the staff in the human resources department and who is back after temporarily working elsewhere during the crisis. Livia Cassoll described the difference between the former and the present management in the following way:

The bosses are simpler now. The president used to be more formal. You used to have to do things via the secretaries. Now it is easier to talk to the president. Now the current manager is out and around in the building. Before, the president would stay on his turf. There is a big difference in how they dress. The current president dresses very casually. The previous president always dressed in suits and ties.

Tiago Bortolozzi, a Brazilian department manager, offered a description of the previous Norwegian president in the Hydro system:

For example, he played football with us. Actually, he broke a leg during one of the matches. There are not many presidents in Brazilian company this size who plays football. In the Hydro system, the managers are humble and sympathetic, and you can talk to anyone. In many Brazilian companies as a manager, I would meet the president perhaps once a month. There's more access, but then again more is demanded of you in return.

These quotes indicate that Adubos Trevo's employees felt they were kept at a distance from the presidential office under the previous ownership. Another employee, Sebastião Araújo, even went as far as describing the office of the Brazilian presidents as a "*casa de Deus*" (House of God) that had little contact with the other parts of the company. The use of this sacred or divine metaphor gives an indication of the distance felt between the employees and their president. While the former presidents kept great distance in their relations to the employees, the foreign presidents have kept a more casual profile. The difference in the importance given to protocol seems to be a defining difference between the Brazilian and foreign presidents of the company.

Goffman (1992: 62) looks at how people seek to communicate an impression of themselves, and introduces the concept of *impression management*. This concept can be employed in order to explore how people effectively try to control the impression they make on others. If we use this theory to analyse the changes in management style previously described, it could be plausible to assume that the former presidents have found it important to appear distinct from the other employees in their role as president. Bourdieu (2000) attaches power to symbols, and states that various actors possess different types of *symbolic capital*. Symbolic capital can be any characteristic that makes it possible for other actors to recognise and acknowledge the symbols that give value (Bourdieu 2000). As I have shown above, the former presidents of Adubos Trevo were often associated with status symbols like certain types of clothes, rituals and seclusion. Also, if an employee wanted to get in touch with the president, meetings would take place in the president's office or "their" part of the building rather than in the employee's arena. This way, the president could control the situation by defining the scene. The presidents expressed their position in the company by keeping a clear distance from their employees, creating the notion of a sacred area surrounding them. This ensured impression management through mystification by limiting and regulating contact, thereby maintaining a social

distance. The employees pointed out that the former Brazilian presidents always wore suits, while the current president dresses less formally, wearing a jumper in his daily work. The former president would invest in these forms of symbolic capital to demonstrate his position in the company.

The style of the current president is in stark contrast as he uses informal means of contact, removing the need to go through a lengthy routine in order to reach him. When compared to the previous presidents, it is apparent that the current president does not want to appear distanced from his employees, performing his role as a president without the same emphasis on hierarchy. He seems to use other means to express his symbolic capital, ensuring his position in the company through his professional knowledge and expertise and achieving acknowledgement through his competence.

## INTRODUCING NEW LEADERSHIP CONCEPTS

I have explored some changes in the visible elements of management, and will now examine how the employees view the less tangible aspects of leadership and authority. I asked Marcello Cobalchini, a manager who had worked closely with the previous owners, how he viewed the former and the current presidency:

Hierarchy is much stronger in a family company, and they were not sharing the power with others. Today they are much more professional. For example our current President he is just an employee. Before the Presidents were also owners of the company. The current President shares more of the information. The former owners could listen to us managers and we could have discussions under meetings, but they decided and they *mandar fazer* (commanded). Now we are discussing, and try to make a decision from the various arguments. That is the difference.

In chapter five I will return to the differences this informant describes in leadership style. Now, I will focus on what Marcello and other informants in Adubos Trevo describe as introduction of new practice that they term “professional” practices. Max

Weber (2000) described three different “ideal types” of legitimate authority. The first is the *traditional authority* characterised by a subordinate who obeys the leader because “it has always been like that”. The second kind, *charismatic authority*, is based on the leader’s outstanding personal qualities and the subordinate follows him because of those personal qualities because they feel that it is his natural right to rule. The third type is the *legal/rational* or *bureaucratic authority* based on systematic rules where the system stresses logic and planning. Leadership based on bureaucratic authority is founded on justice and rules, and is connected to formal positions in an organisation. To borrow Weber’s terminology, Adubos Trevo can be seen (in simplified terms) as having moved from traditional authority to bureaucratic authority. During the process of the acquisition the company changed ownership structure from a family company to multinational company. In the former, the owners both sat on the board and served as company presidents. The presidents normally belonged to one of the three families that owned Adubos Trevo, and seem to have represented a form of direct exercise of control and authority. Under the new ownership structure, however, the capital invested and management positions are separated. The managers have to a certain extent been assigned authority so that they can make decisions on the owners’ behalf. This practise is associated with professional practises where owners and employees are distinct. The informant seems to attach a positive connotation to what he associates with professional practice. In the interviews these professional practices were often referred to as typically Western (European and North American), and in contrast to the business procedures practised by the previous owners. I often got the impression that what Western countries represent is looked upon with admiration and often considered as something better. Caldas (1997) argues that in Brazil ideas and things/objects from other countries are often valued more than those that are considered Brazilian.

In an interview, Sebastião Araújo mentioned that he had attended a course about leadership in Hydro. He emphasised that this had given him “the mentality of

Norwegian Hydro in his head". He argued that the philosophy of the Adubos Trevo today appeared to him more like a Norwegian company, but that he had the impression that the employees appreciate the development. In the interview, he explained the difference between two different kinds of management styles that he had learned about on Hydro's course:

The leader is the one that motivated his employees. People have to work, but they can do things without the leader necessarily telling them what to do. It is like an orchestra where the director leads an orchestra with various different instruments. On the other hand you have the boss who *mandar fazer coisas* (tells the employees what to do). They (the employees) respect the boss because they are afraid, and because of the hierarchy.

As mentioned in the introduction, Hydro has, in Clifford Geertz's terminology, introduced new models for actions. Sebastião Araújo shows how Hydro teaches a leadership theory that emphasises delegation of responsibility. The changes described in Adubos Trevo can be compared to what John Harriss (2003: 767) finds in family-owned companies in India, where personalised family management based on relationships have been replaced by "systems", meaning rules and procedures under the directions of professional managers. A move from hierarchical control-compliance to this "system", where development of responsibility and employee participation are emphasised, has occurred. I will continue this chapter by focusing on these systems, rules and procedures introduced by Hydro.

### **SETTING A STRATEGY FOR HOW TO REACH THE GOAL**

The overall strategies for Adubos Trevo are set by the board in the Agri division and by the Paris office. Primarily Hydro sought to break down the strong division between the departments by making them focus on the importance of sharing information, working in teams and reaching decision jointly. Hydro also demanded a stronger degree of delegation of decisions, and the involvement of more employees.

Finally, a report structure was introduced whereby key numbers had to be reported to the Hydro system and the planning process, for example, was subject to approval by the office in Paris and the headquarters in Oslo. Apart from these changes, the company continued in almost the same way as prior to the acquisition.

Adubos Trevo has started to utilise KPIs – Key Performance Indicators. These indicators are financial and non-financial, employed to quantify objectives that reflect the strategic performance of the organisation. Among other figures, the KPIs give the number of tons of fertiliser they have as a goal to produce. This is a figure the management attempts to distribute within the company. One of the intentions behind the implementation of the KPIs is that the employees and the management should focus on the goal and direct their work towards it. Weekly management meetings are held where the president, the department managers and other people within the organisation relevant to particular topics discuss the items on the agenda. The first thing on the agenda is always monthly production, sales figures and indicators relating to company performance. Current figures are compared to the goals to indicate the performance of the company, and are also compared to previous figures. The department manager is required to explain and justify any differences/ discrepancies between objectives and performance.

Sebastião Araújo, a Brazilian employee who started working in the company after the Hydro acquisition, conveyed his impression on how the management of Adubos Trevo had changed. Accounts given by an employee who was not himself present, but who had a distinct impression of the changes from other narratives that are retold in the organisation, can establish what has become the dominant explanation of the organisational changes. Sebastião Araújo thought that the company in the past acted more out of instinct, with an emphasis on increasing production in order to gain more profit, while now there is more emphasis on strategy and consensus. Before, departments seemed to be less coordinated, simply concentrating on their own tasks, whereas the current management stresses that the

various departments should collaborate and inform the other departments about what is occurring. In Sebastião Araújo point of view, everyone offers different perspectives and by reaching a decision together, a better result is possible. Marcello Cobalchini, who worked in Adubos Trevo during the crisis, suggested that he obtained a better overview of the steps in the decision-making process:

We have different plans like A, B and C, depending on what we believe is the likely outcome of a certain situation. We know what we are supposed to do if something happens tomorrow which is not in our interests. We are at least prepared with different kind of plans and solutions.

From the quote above it appears that priority is given to development of alternative strategies and means in an attempt to deal with future events. However, Jorge Pontes pointed out that the current management had still not gotten as far as they would have like. For example, they still want to involve more of the employees in the planning process.

Weber claimed that science and modern capitalism were part of a process where rationality – the instrumental adaptation of means to ends – came to dominate more and more areas of life in Western cultures. Townsley (2002) asserts that in modernity, reason is defined as rationality, where reason speaks only of means, and matches the means efficiently to ends. Action is judged in relation to consequences as compared to alternative possible courses of action and their consequences. Marianne Lien (2004: 261) suggests that *marketing theory*, a result of modern science, is a technique to control uncertainty, where the concepts, models and guides to action represented in the theory give the world a structure. This analysis of marketing can be compared to the way Hydro introduced management theories and planning technique activities to Adubos Trevo. Tiago Bortolozzi explained his view on the changes in the planning activities:

Now it is normal and our plan is the bible. It cannot change just because it starts to rain. If the results differ from the plan then we have to explain why. We have a goal and we say how we are going to reach that goal. In the past, we had a plan, but not a plan for how to reach the goal.

If we accept the analysis that the introduction of these management principles reduces the feeling of uncertainty among the employees, then a parallel can be drawn to Bronislaw Malinowski's (1992) account of how fishermen in the Trobriand Islands use magic. Magic is not employed in the safe areas where it is considered easy to fish, while in open-sea fishing, which is full of danger and uncertainty, they utilise extensive magic rituals to secure safe and good results. These magic rituals might be interesting to compare with modern management principles. Just as Malinowski believed that magic gave the fishermen in the Trobriander a sense of security where there was a high degree of uncertainty attached, management techniques can guide people's actions and give them security where uncertainty reigns. In the next chapter I explore how high levels of uncertainty concerning inflation and low levels of trust in macroeconomics might have an influence on planning and the way flexibility is taken to be a strategy for dealing with uncertainty.

Hydro's owners assign authority to the management so they can make decisions on behalf of the owners. The management principles introduced guide and discipline the employees in their actions, committing the employees to identify with the agenda set by the company. Miller and Rose (1993:76) borrows Latours notion of *action at a distance* to analyse management. Thus, an indirect form of discipline or concealed power, for example through the standardisation of training and the incultation of habits, has replaced traditional authority and control. Authorities, such as the organisation, seek to shape and normalise the conduct, thought, decisions, aspirations and motivation of the members to achieve their objectives (Miller and Rose 1993:82). The introduction of management principles enables the management of the company to govern through a set of more indirect mechanisms

that Miller and Rose (1993) term *technologies of government*. How does the introduction of these management principles affect interaction within the company?

### **TRUST AS A VEILED FORM OF POWER?**

In the interviews with people that had been working for long periods in Hydro, they mentioned that the managers within the Hydro system have a different management style and that it had implications for how the employees are trusted. Tiago Bortolozzi explains it as follows:

They (the people who work in Hydro) have to feel that they can trust me. The ways I feel that I can achieve trust is to do what I say. When I have trust (they vest trust in me) it is much easier to work with them. I have noticed this when I need information. The more trust I have the easier it is to get the information. Everything becomes easier. On one occasion, Hydro had some problems with accountability in Latin America. I was in charge of the budget in Argentina and I did not have any problems, while other Latin American branches had problems. I felt that I gained trust from this episode. It is a contrast between Norway and Brazil. In Brazil, you have to show that you can be trusted. You build up a trust after having known the person for some time. That is why we build up personal relationship in business. You have to wait and see proof that a person is honest. While in Norway, you are trusted until you have shown that you cannot be trusted. When you lose your trust then it is difficult for you to regain it. So you are trusted until the opposite is proven.

Tiago Bortolozzi points to how he felt there was a difference in how one achieves trust in Hydro and “the Brazilian practice”. One year after my stay in Brazil, I conducted an interview with one of the Norwegian managers working in Hydro in Paris. I asked him in which way he trusts the employees. He said:

There is zero tolerance for dishonesty and lies. It should not be necessary to tell what you have to do, but as a principle you have to be trusted or you are not there.

The quotes above indicate that the previous presidents seem to have had a leadership style with a high degree of control, while the new management principles introduced seems to be based on self-control. As a comparison Harriss (2003) found that business organisations in India have also moved from *control-based* to *trust-based organization*. In “trust-based organisations” the management “controls” the employees by using management principles to guide their actions. These changes in Adubos Trevo imply that managers have to trust their employees to accept responsibility for their own performance. From the interviews it appears that the organisation delegates responsibility to the employees on various levels, and are confident that the employees will perform according to the management’s intentions, until it is revealed that the employee cannot be trusted. However, the Norwegian manager interviewed indicated that he could easily instigate sanctions towards any employees he found to be untrustworthy.

I will use another example from Adubos Trevo to show possible implications. In an interview with one of the Norwegian managers in Hydro working in Paris, he maintains that it was important to include the employees of Adubos Trevo in the decision-making process:

When we overtook Adubos Trevo, we did not enter with a “smørbrødsliste” (list). We are now introducing SAP (“Systems, Applications and Products in Data Processing”). They took a long time to say yes. Hydro had to persuade Adubos Trevo.

The manager seems to indicate that the employees in Adubos Trevo have to be included in the decision-making process. However, persuasion can also involve an element of coercion, where the management uses its power to direct decisions in a certain direction. The changes in Adubos Trevo, brought on by the introduction of new management techniques, are based on modern definitions of management where the management techniques are focused on *conduct of conduct*. The authority is not as much based on commands as it is based on getting something done through

others and placing authority above belief and ideology. It makes authoritarian leadership practices appear less legitimate as the practise of command overrides the decision-making process by direct instruction of the employees. In this way, the manager could undermine his chances of gaining the desired trust and respect of his employees.

Critical organisation theory (Alvesson: 2003) holds that management principles commit the employees to certain principles and the goals of the organisation, where the managers do not necessarily exercise direct control over the employees, but instead involve a more concealed form of power or influence<sup>5</sup>. The manager's task is to "infuse with value", to formulate a common understanding of the goals of the organisation and the way the organisation should be run, and to draw attention to the techniques and procedures designed to direct the conduct of the employees. This way the management techniques introduced by Hydro seems to imply more emphasis on a veiled use of power, and less use of visible control of the employees.

I find it useful to apply Miller and Rose's view that the programmes of government are always "personal" in that they operate through subjects. The possible fields of action are structured, and management principles shape, guide and affect the conduct of employees (Miller and Rose 1993: 76). Hence, the employees need to adjust to the new policies and discourses demanded from Hydro, and if they do not enjoy working in the company they may look for employment elsewhere. Miller and Rose (1993:84) argue that the programmes of government operate through subjects that presuppose the capacity of individual as active agents. According to them, success is not automatically guaranteed because the programmes of government are dependent on the ways in which individuals conduct themselves. The relationship between government and those governed depends on what

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<sup>5</sup> Manipulation may be a more loaded word, but in some occasions justified. A relationship between manager and employee is often asymmetrical, because managers have more power than employees do. In such cases, influence will have a character of manipulation (Sejersted: 1995).

Foucault termed *an unstable conjuncture* because it passes through in the manner in which individuals are willing to exist as particular subjects. It is guidelines that are supposed to be legitimate and even motivate the employees' behaviour. If individuals refuse to or cannot conduct themselves as subjects, the programmes of government will simply be unable to function (Miller and Rose 1993: 85). As mentioned in the introduction to chapter 3, I found that the employees in general have a positive attitude towards the changes. However, I also found that the employees themselves see that the different management principles have their advantages and disadvantages. I will now explore how the Brazilian employees view the effects of the changes introduced.

### **MOVING FROM BACKSTAGE TO FRONT STAGE**

According to the people interviewed, the changes seem to have increased the internal communication, principally between the department managers and the president, but also between the department managers themselves. After the acquisition, the owners are no longer making the decisions alone. Now the employees, primarily the department managers, are also involved in the decision-making process. In addition to the company having increased the internal communication, the informants also mentioned that Adubos Trevo has adopted more bureaucratic routines since becoming a part of a larger company. This implies that the managers often have to consult other parts of Hydro system in order to make strategic decisions. During my stay in the company, I visited one of the factories belonging to Adubos Trevo. I asked Gonzalo Barros, the factory manager, what he thought of the new owners. He responded that:

Hydro has got structure, we must for example get acceptance from Paris (where the head office for Hydro's Latin America section is located) or Oslo to carry out large projects. Now we have to think about whether the ideas are good or not. We have to think about the safety, society or economic return. Before when we came up with one

idea we didn't have to convince a lot of people. If the President liked it then he said yes and then we could do it.

As Gonzalo Barros and other people indicated, it now takes a longer period of time from when an issue is raised to when the decision is made and executed. Some informants mentioned that earlier, if the directors wanted something, they would go directly to the president and discussed the matter with him. As a result the president could make a decision based on the discussion, without necessarily consulting others or the rest of the organisation. This could be a fast and effective way of making decisions.

Most of the managers mentioned that there has been an increased awareness about communication and teamwork. There seems to be more discussions across the departments than prior to the take-over. Marcello Cobalchini, who has worked in the same position both before and after the take-over, explained his view of the changes:

Before the board made the decisions, but today we involve all the directors and discuss issues with them. More people are involved and consulted when we make the decisions.

According to his experience, the issues are discussed more openly and with more employees in the decision-making process. In addition, information flows more freely, there are more group discussions and more people are involved in the various issues. Not only is the responsible department involved, but also other departments and the larger Hydro system. Therefore, before making a decision people gather to discuss the issue, which leads to a slower decision process. Some of the informants noted that this practice led to less resistance in the implementation of the acquisition because the employees were better informed about the arguments and the reasons behind the decisions made, and they had more opportunities to offer their opinion. It was mentioned that the practice leads to fewer mistakes, because more people know how things ought to be done. Before the acquisition, decisions were made more

quickly and without much discussion and with less planning. Since there was little communication between the directors concerning the decision, as Marcello Cobalchini indicated there were more conflicts between the directors. According to one of the department managers a bad atmosphere could be generated when the conflicts were reflected in the working environment.

One of the Norwegian managers said that although he was accustomed to transparent processes and that he indeed valued them, there were still people who did things without consulting others, as they used to do in the past. He gave one example where one of the department managers had talked to the president without discussing the matter with the other departments. He felt that the department representative had tried to exploit his possibilities instead of having a discussion on the issue. In his opinion it would be much better if the ideas were discussed in public so that they could then collaborate, rather than one department trying to influence decisions in the direction that would most favour the department in question.

Goffman (1992) differentiates between situations that take place *backstage* and *front stage*. Front stage refers to what occurs on the stage and in public, whereas backstage is what takes place behind the curtains. If we see the communication in the organisations as a theatre, it can be argued that the decision-making process has been moved from backstage to front stage, thereby achieving a more open decision-making process. Now the actors are encouraged to discuss their ideas in groups and sharing the ideas from different departments. This is in sharp contrast to what they experienced earlier at Adubos Trevo, where many of the decisions were made backstage where it was easier to influence the decisions through decision-makers and owners, if one had access, or behind closed doors as one informant put it in an interview. This situation was more vulnerable to the exercise of power, where influence was used to shift decisions in the direction that was in the interests of each department manager and his department rather than for the good of the entire company.

## TRANSPARENCY

As was mentioned at the start of this thesis, over the last few years Brazil has seen great changes in the corporate sector. Many of the family-owned companies have been sold to foreign companies. Gouvêa A., Laouchez, Jean-Marc and Lindenboim, Patricia (2002) have conducted a study about the challenges and changes in the administration of Brazilian companies in general. According to this report the standards of governance are changing due to the privatisation of entire sectors of the economy, the acquisitions of local players by multinationals and new generations taking over the family businesses. An average Brazilian company has three shareholders that own 85 % of the voting shares in the company. The directors are also often the owners and the managers of the companies. Frequently the boards have only come into existence because the law requires the companies to establish them, while the real decisions are made informally. In sharp contrast to this, Gouvêa A., Laouchez, Jean-Marc and Lindenboim, Patricia (ibid) depicts how global investors favour independent boards, disclosure of financial and performance information and shared corporate ownership. Transparency is a concept that has gained increasing attention as an organising principle in states, civil service, markets, corporations and institutions. International organisations, transnational business corporations and federal states invent and implement regulatory codes. According to Garsten (2003: 365) this can be seen as what Robertson termed *worldism*, assuming that one can grasp the world as an analytical whole, with universalising and homogenising statements. Those who favour greater transparency argue that it can give the people involved more justice and control and that, by regulating financial business, one achieves effects that are universally “good”. Yet, Garsten (2003) claims that few attempts are made to examine the actual content of transparency, as for instance how one determines what shall be displayed and what shall remain hidden, and how power and control enter into the practices of transparency.

Most of the informants indicated that the decision-making processes in Adubos Trevo seemed to have become more open than before. According to the employees interviewed, more people had become involved in the decision-making process. Some saw this as positive because people could become more dedicated when they felt that they could have more influence on the process. Still, Ricardo Garcia felt that the focus on open communication had led to a situation where power and conflicts had become more taboo and under-communicated. Since open communication processes are valued, there is, unlike before, no opportunity to blame the power dimension or hidden conflicts. Decisions are after all supposed to be reached through open discussions. Previously, it was the family owners and presidents who heavily influenced the decisions made in the company, and the managers could only influence the owners and the presidents and not the whole organisation. The current management in Adubos Trevo strives to make an organisation that focuses on planning, strategy and the achievement of goals through more participation. In a “dramaturgical” view, to use Goffman’s terminology, Hydro has tempted to lift up the stage curtains, by focusing less on communication backstage and emphasising more communication on the front stage. As the informant above suggested, the focus on transparent processes can conceal the political aspects. The increased emphasis on increased internal communication may overshadow the use of political manoeuvres as the decision-making process is considered to be “open”. It is easier to criticise decisions that are made backstage where one has limited access, rather than decision-making processes where the employees are openly consulted.

### CONCLUDING REMARKS

The new owner of Adubos Trevo introduced new management concepts. The changes in Adubos Trevo can be described as changes in *technologies of governmentality*, where increased importance is placed on management principles

such as (long-term) planning, strategy, rules, empowerment and transparency. The changes which have occurred in Adubos Trevo are comparable to Harris' research on Indian companies, a move from hierarchical control-compliance to a "trust-based organisation". Most employees see these new concepts as professional practices which enhance the performance of the company. However, I have in this chapter shown that some of the Brazilian employees also find these new practices to disclose certain political aspects. Some of the employees indicated that the increased performance front stage might conceal political processes taking place backstage.

In this chapter I have explored the changes in management style which occurred in Adubos Trevo after the acquisition. The first chapter of part III further explores the general differences encountered by the Norwegian managers and their employees in Brazil. In the next chapter, I look at the introduction of planning and how this management technique contrasts with local practices and values identified as Brazilian.

## CHAPTER 5: AN EXPRESSION OF DIFFERENCE THROUGH THE USE OF “JETINHO BRASILEIRO”

Trevo was a Brazilian company with a family as owners. Hydro is an international company and is much more professional than the former owners. Both of them had different principles and values. Now Adubos Trevo is much more like Hydro, where as before it was more of *jetinho brasileiro*.

Quote from an interview with a Brazilian department manager.

In the above quotation, one of the department managers characterised the current organisation as more professional. As I interpreted this statement in the previous chapter, the employees see professionalism as the use of management principles and formal lines of communication. Before the company was characterised as more of *jetinho brasileiro*, an expression which will be further elaborated later in this chapter. According to the employees, the former owners did have a more flexible approach. Now, however, most of the employees argue that the new owners had introduced indicators, stricter rules and structures that have to be followed. As a consequence of the changes, the employees see the company as more organised and professional, and in general they seem to be positive toward the changes that the new owners have brought. However, the employees are used to having a flexible approach to certain questions and problems that arise, and it seems like the employees desire more flexibility on certain issues.

In the previous chapter, I explored the introduction of new management principles by the recent owners. In this chapter, I will explore further the introduction of planning. Planning can be described as policy formulation for the future, where presumed future actions are anticipated and scheduled. Harold Wilensky (1967) describes how planning was developed as a principle in classical management theory which became common in the USA during the 1920s. The

formulation of plans also includes an aspect of power as the plans are scheduling future action, thereby setting the agenda for the organisation.

The development of management principles such as planning have been seen by sociological theoreticians on modernity as an indication that one in modern society believes that technical equipment and predicaments can be used to control events. As mentioned in the introduction, Giddens (1991: 109) finds that risk has become a central element of modern society. People now seek to manage future events by an orientation towards the future, rather than letting the events come as they will (Giddens: 110). Thus, management techniques such as planning can be seen as an attempt to think ahead and gain some kind of control over a future that remains uncertain.

The report made by Gouvêa A., Laouchez, Jean-Marc and Lindenboim, Patricia (2002) concerning the situation for Brazilian family companies such as Adubos Trevo was, alleged that these companies in general communicate their past and current performance. However, they do not offer much information concerning their future plans and expected performance. Hydro's introduction of long-term planning raises some questions as to how the changes in planning are perceived by the employees. A link will be drawn between the introduction of planning activities and the discussion on modernity and risk.

## **CHANGES IN THE TIME PERSPECTIVE OF THE PLANNING ACTIVITIES**

During my very first interview in the company I asked Marcello Cobalchini, who had worked in Adubos Trevo during the period of crisis, whether there had been any changes in the running of the company. The manager replied:

We (Brazilians) do things as it happens. Today is today. Tomorrow is tomorrow. There are many reasons why Trevo practically went bankrupt, but one of the problems was that we didn't have specific plans. We had one plan, but not in the same way that we have today. We did not have plans for 3, 6 or 12 months. We only knew what we had to do today and tomorrow.

When Adubos Trevo became a part of the multinational company Hydro, the new management introduced a new approach to planning which was different from what was previously common. As the quotation above indicates, the former owners seem to have had only a modest focus on planning, while the present owners have a stronger orientation on planning which extends over a longer time perspective. The same manager continues:

They (the people employed in Hydro) work with a basis in reality. The Brazilian reality is often based on what was happening today and [and what will happen] tomorrow, and we are not aware about what happens in the longer run. The first Norwegian president of Hydro talked about the company's strategy in 50 years, and what it takes to survive in the future, so Hydro is prepared with plans for the future.

In contrast to this quotation the current American president of Adubos Trevo mentioned that when he started to work in the Hydro system in the end of the 1960s, Hydro was already working with twenty-five and ten year plans. He joined Hydro when the company he was working for in the USA was acquired by Hydro. He argued that the way Hydro conduct their planning has changed, and that in the Adubos Trevos division they are now talking about 5 or 3 year plans.

The new administration in Adubos Trevo focuses on making plans for a longer period than the employees have been used to in the past, but it is not the same approach used by Hydro. One of the reasons given for not introducing a longer-term approach was that the employees were not used to long-term planning. Tiago Bortolozzi, who was involved with the implementation of new planning activities, told me about his experience with the process:

One Brazilian plan can change, before we had one plan for every month. In Hydro, we have learned to develop business plans for a year. In the start a lot of employees asked questions about how we could make a plan for a year!?

In the interview Tiago Bortolozzi described how in the start of the process it was difficult to change the mentality of employees and encourage them to plan for a longer period than they were used to. The employees were not accustomed to conducting plans with a one-year perspective, and in the start the manager had some problems making some of the employees change their ways of thinking. However, after a period of discussion he felt that the process went well. Two of the employees, who had worked in one of Hydro's branches in Argentina, referred to their experience with implementing planning, and mentioned in the interviews that it was much easier to implement the changes in planning procedures in Adubos Trevo than in the Argentinean branch.

According to one of the Brazilian managers, the board of representatives or the president himself conducted the overall planning under the previous owners. The information concerning the goals of the company and the performance was given to the directors and managers, but it was not distributed throughout the company to the same extent. Now, Trevo's administration, together with the Hydro system, sets the overall goals for Trevo. The employees and the administration are supposed to plan together and set the goals for their departments and for the company.

I was not present in the company during the planning process, and can therefore only give a second-hand narrative account of how the organisational changes occurred in Adubos Trevo. Thus, these accounts cannot be seen as accurate reports of an objective reality. Mumby (in Litvin, D.R 2002: 163) claims that organisational narratives can be conceived of as more than simply a vehicle for diffusing information in an organisation and can become material social practices. The maintenance and reproduction of narratives can also produce ideological meaning. As the narratives are told repeatedly the distinctions between fiction and reality can become blurred, and stories become fixed and seen by the employees as "the way things are". The narratives can articulate an accepted version that

constrains alternative interpretations of what occurred. It is important to keep this in mind when the interviews are analysed because the questions regarding organisational changes after Hydro bought the company have in all likelihood been discussed, retold and analysed by the informants. However, these narrative accounts can still say something about the ideas and experiences of the people involved.

## **PLANNING AND THE NOTION OF RISK**

We (Brazilians) are used to inflation. Plans could change quickly and maybe we had 5 or 6 plans during a short period. This leads to flexibility. We use creativity to survive; therefore changes to us are normal. In Hydro changes are not normal and changes also take a long time.

Interview with Tiago Bortolozzi

In the previous chapter, we saw that long-term and more elaborate goals and indicators were introduced as management technique. However, as the above statement indicates, high inflation rates can make planning for a longer period difficult to conduct and even counter-productive, because the future which the plans relate to is unpredictable. The main reasons for Adubos Trevo's economic difficulties and near-bankruptcy were explained by some of the informants to be a result of sudden macroeconomic changes and the general lack of planning. The company had invested heavily in the further development of an existing harbour, which was to give a further boost to the company. However, just as the company was investing, Brazil fell into an economic crisis with high exchange and inflation rates, and so the company landed in financial difficulties. The Brazilian economy has often been subject to turbulent macroeconomic situations. Thus, plans over a mid- to long-term range can make companies vulnerable to for example high inflation rates. Thus, long-term plans and investments can increase the risk if there are sudden changes in macrostructures. Giddens (1990:22) sees money as symbolic tokens whereby the

exchange becomes disembedded from time and place. As long as people invest trust in the monetary system it allows for security and predictability, but when there is a low level of trust in the system the value of the money involves a large element of risk. I shall return in a later chapter to how the lack of trust in abstract systems, like the monetary system, might influence the use of personal contacts when conducting business.

The period during which Hydro bought Trevo was one of the more stable financial periods in Brazilian history. In 2001 the inflation rate was 7.7 %. As mentioned in the quotation above, Brazil has had periods with extremely high levels of inflation and volatile exchange rates, and it might be important to see management practices in relation to the economic situation. A constant monetary fluctuation in the national economy may result in companies having to spend more time on capital and financial dilemmas rather than focusing on management issues in the organisation. The performance of a company in periods of hyper-inflation is almost exclusively dependent on external factors and the way a company is run internally is less important. If (longer-term) plans are made, there is a larger probability that they will have to be altered, because the plans depend on factors that are highly susceptible to change. Rehder (in Archer and Fitch 1994: 79) has reviewed studies of leadership in Latin America and found that it is common to rely on authority structures when handling uncertainty instead of choosing other solutions. Most of the informants mentioned that during periods with high inflation it was important to make fast decisions, which might have been an element favouring management based on authoritarian leaders who with the ability to act fast in the market.

Garsten and Hasselström (2003) claim that perceptions of risk and responsibility are culturally embedded in particular social and cultural contexts in which actors operate. They argue that we need to go look beyond dichotomies such as pre-modern and modern societies in order to understand the social and cultural

differences that may exist and how risk perceptions change. Risks can be “real” and their consequences universal, but risks may be locally constructed phenomena. According to them, risk is influenced by culturally embedded beliefs and values (252). The way in which risk is perceived influences the legitimization of business strategies, decisions and actions. The quotation above may indicate that since the value of money and the future is largely associated with risk rather than trust and uncertainty rather than certainty, creativity and flexibility therefore become important strategies in order to control the company’s future. As a comparison Judith Okely (1996) describes how Gypsies in England relate to the future. As a nomadic group in a Western society they depend on camping on others people’s territories as well as on being flexible due to their not knowing for how long they can stay on each site. According to Okely’s (1996: 101) analysis, they have “to counteract this unpredictability, they must live by opportunism, must seize the chance”. In companies, circumstances very similar to these make planning a less important technique for the management. Rather, it is important to be creative and flexible in order to adjust to sudden changes, and also to have a strategy to cope with uncertainty. Periods with a prolonged element of uncertainty may have influenced the Brazilian employees’ strategies to cope with risk. Thus, different management principles can be said to be applicable or rational in different contexts. What are the Norwegian managers’ views on the need to follow plans and rules? In the rest of the chapter I explore how the employees’ notion of flexibility and the positive aspects of *dar um jeitinho* are seen as important values both by the employees of the company and by the wider Brazilian society.

### **LESS ROOM FOR JEITINHO BRASILEIRO**

When I conducted interviews with the Norwegians working in the Hydro’s head office for Latin America in Paris, I confronted them with the use of rules and application of plans in Adubos Trevo, and one of the responses I got was that:

Trevo has adopted all Hydro's norms. If there exists a rule on a subject, then it has to be obeyed. There is a reason for the rules, and for example security rules cannot be disobeyed. Now this way of thinking has started to make its way in Trevo.

Another Norwegian working in Adubos Trevo expressed a similar opinion. Importance was placed on following the rules, which could not always be adapted to different situations that might occur. If the rules do not fulfil their purpose then they should be altered. The Norwegians interviewed were more concerned about changing the rules if they were not working than trying to interpret them in a way that could be practical in a given situation. On the other hand, some of the Brazilian department managers said that they had less room for applying the rules in a sense that was adequate for the Brazilian reality. They said that they were used to flexibility, and adapting to different situations. Some of them seemed to be concerned that they did not have room to be flexible, and had to apply the rules strictly. Sebastião Araújo, one of the Brazilian department managers who had worked for Hydro for a long time, described it as follows:

Brazilians know how to do things flexibly by using *jogo da cintura* or *dar um jeito*. Hydro does not believe in doing it in that manner. Hydro believes in rules, and they have to be followed. In Brazil we often take a shorter way out of the situation. However, in some ways they are beginning to understand this in Hydro as well.

*Dar um jeito* or *jetinho brasileiro* means to find a solution or a way, and the expression *jogo de cintura* can be translated as to deftly wiggle out of a situation. *Dar um jeito* or *jetinho brasileiro* is a complex term that can be used in various situations and which is related to different issues. Livia Neves de H. Barbosa (1992:1) argues that in order to understand the Brazilian society you have to learn the meaning of the term *jeitinho*. She (in DaMatta 1995:36) defines it as a "fast, efficient, and last-minute way of accomplishing a goal by breaking universalistic rules and instead using one's informal social or personal resources". Barbosa (1995: 38) points out that *jeitinho* is

not a unique practice in Brazilian society, but that it is a uniquely recognised institution and is given a positive value. The informants often said proudly that it shows the creativity and flexibility of the Brazilian people. They mentioned that it has got two forms, one positive and one negative. The negative is a solution to a problem that involves corruption, for instance implying that you pay to resolve it. The informants see the negative form as something undesirable. The rest of this chapter will focus on what the informants see as the positive form<sup>6</sup>. The positive form of *jeitinho brasileiro* is finding a creative solution or a way out of a problem. Usually this is a solution in which you do not follow the books or the rules, but try to bend the rules in your favour. According to DaMatta (1978: 184-85) the laws are so abundant, complex and subject to change that it is hard to obey them. *Dar um jeito* is a way to get around the official system in a hierarchical society by drawing on personal resources as favours or exceptions to the rule. Barbosa (1995:40) see the positive form of *jeitinho* as something in between a favour and corruption. Unlike corruption it involves a way of talking with another person and a sense of a special relationship and not a monetary gain. At the same time it is not a favour because it involves a kind of diffuse reciprocity, where there is no concrete need to return in kind, as is more commonly expected with a favour. It often happened in interviews that both Norwegians and Brazilians utilised this expression to describe the differences in how problems are solved in Brazil and Norway. People often say that most things can be arranged in Brazil. There is a saying that goes like this: “There is always a *jeito* or possible solution in Brazil”. According to Barbosa (1992:32) all persons, regardless of their economic and social position, can use it. However, she concluded from her research that it is fundamental how you ask for the *jeitinho*. You must use a sympathetic, kind and egalitarian manner, and it is important not to be arrogant or authoritarian. From what I have seen in my research, flexibility is valued

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<sup>6</sup> The negative form of the *jeitinho* is a polemic issue that might involve different sorts of corruption. As I both experienced and assumed that the informants would give me political correct versions, I decided not to focus much attention to the negative aspect.

in Brazilian business life, but you have to know how to be flexible in the correct way. In the next sections I will look at how the uses of *jeitinho* have changed in Adubos Trevo. Some examples will also be given from other companies in order to get a broader understanding of the term's usage.

### THE APPLICATION OF *DAR UM JEITO*

Tiago Bortolozzi gave an example of how *dar um jeito* was applied during the time when Adubos Trevo was in financial trouble:

Trevo was walking on a thin line financially. Two ways we tried to keep the company alive was to gain time by not paying tax, and by putting questions concerning the taxes we paid to the court. In Brazil you can always find people that offer to help you with not paying taxes. It is different with how we do the accounts related to what is allowed and not. Now, all these issues are very organized, and for example we use the consultants Deloitte and Touche.

The employees said that they had tried earlier to bend the law a little in favour of the company. The employees said that they now use *jeitinho brasileiro* to achieve flexibility. At the same time they emphasised that that they do not use the negative form of the *jeitinho* in relation to institutions outside the company.

In the interviews, all the employees mentioned the use of the *jeitinho* as an important difference between how rules are applied by Hydro and by Brazilians. However, it was hard for me to get examples of this. Most of the informants avoided answering when I asked them for a practical example of when they apply *jeitinho*. In an interview with one of the department managers, he told me to ask one of the Norwegians who had been involved in the company, because he had learned how to use the *jeitinho*. When I confronted the person in question about this he told me that he did not completely understand what the person had indicated, but it was probably difficult for people to show me examples because they were bending the rules to find an alternative solution, which was not necessarily something you would

talk about. Nevertheless, as I was doing fieldwork the company was having trouble getting a harbour approved or certified for use by the local government. The company had made some investment in their harbour so that it would be able to receive larger ships. Although the harbour had been ready for use for months and the building process had satisfied all the official requirements, they still had not gotten the official approval. The general idea in the company was that it took such a long time to obtain the approval due to political interests from the local politicians. Some of the people involved suggested that the way they finally got the harbour approved was an example of *jeitinho*. Instead of waiting for the approval that would be the procedure by the rule, they accepted to receive a large ship that in size that exceeded the limits of the former harbour, yet the ship fulfilled the requirements to the new harbour. The company was confident that they had fulfilled all the requirements for the new harbour, but assumed that the government was just prolonging the process and could not deny them the approval. They thought that the local governments had to speed up the process of approval if a ship was waiting to enter the harbour, and if they failed to do so might be held responsible for the ship not being able to enter the harbour.

In the interviews I conducted outside Adubos Trevo with Norwegians and Brazilians all of them mentioned the different approach to flexibility in planning, time perspective, following rules etc. Both the Brazilians and the Norwegians that had been in Brazil for longer periods of time mentioned the expression *jeitinho*. The Norwegians and the Brazilians I interviewed emphasised that the bureaucracy and rules are very intricate in Brazil. The law was described as extremely complex, and people said that it is hard to find an exact way to interpret the law. One Norwegian, Dag Larsen, who had been in Brazil for several periods with a Norwegian oil company, said:

You have to look for the rules in such a manner that you can conduct business for your purpose. Since the laws are awfully complex, and can be understood in different ways, you have to learn how to

interpret the laws in Brazil. The laws are often interpreted differently from situation to situation. You can't just look them up in a book and see how they can be applied. Each book explains how to use the rules differently.

He perceived the Norwegian bureaucracy and laws as more predictable. According to him the Norwegians mostly tend to stick to the rules as they are written, and not look for alternative solutions as is the common practice in Brazil. This was described as a challenge for the Norwegians, who are used to rules and the interpretation of the rules being written more clearly. The legal system does not leave room for the same amount of interpretation as in Brazil. To describe the use of flexibility in Brazil one of the Norwegians used an illustration from traffic. To him, driving a car in Norway generally implies complying with the rules, while in Brazil it is common to apply more flexibility to driving. He gave the following example: If you are driving in a two-lane road and wish to turn left, in Norway you have to plan in advance and in good time, and place yourself in the lane to the left and then turn. In Brazil, cars often make that turn by placing the car in the file to the right and signalling to the cars in the left file that you are going to make a turn to the left. However, he argued that making the same turn in Norway would be almost impossible.

In conditions with uncertain external general conditions, such as in Brazil, it seems that to be an asset being creative and showing flexibility. A management attitude that focuses on creativity and flexibility may have a competitive advantage, thereby making it easier to deal efficiently in the external environment.

## **FLEXIBILITY IN RELATION TO DEADLINES AND APPOINTMENTS**

In the interviews the employees in Adubos Trevo mentioned that the daily work had not changed much, only that some principles had been given increased importance. Now, the company applies stricter rules, especially concerning reports to the Hydro system. The people that were responsible for reporting to the Hydro system said that previously the deadlines were not as important as they are in the Hydro system;

In Brazil a deadline is not necessarily a deadline. If we will not be finished by the deadline, one way of solving the problem is if you give me two more days now, I can give you two days later. One hand washes the other hand. Now, a deadline is a deadline. In Brazil a deadline is never a deadline. The employees become proud because they work in an organised company. While the negative side is that people have to work more especially around the deadline, but they know that they have to do it. But it is better than having the risk of losing jobs, like we were concerned about before. Of course we get paid overtime, but I don't like to work late. At least it is better than before when the employees were afraid of losing their jobs.

In the past it seemed to have been less important and employees did not put much effort in keeping with deadlines. Now they have to report financial figures every third working day of every month. In contrast, Marcello Cobalchini described how it is common to be flexible in relation to these things in Brazil:

One executive in Brazil can go to a meeting without being prepared. Brazilians are maybe more flexible. Our rules are not that hard. If you have a meeting and you do not show up it is not a problem. We are not that serious on time and commitment. Of course, it is not completely like I describe it now. But I think we accept excuses more than others.

One Brazilian remarked that it was not common for the company to establish a set agenda for visitors. However, when Adubos Trevo has visitors from Hydro they have a planned agenda for the meetings: where and when the meetings are going to take place and where the person is going to eat. Similarly, when I accompanied one of the Norwegian employees in Adubos Trevo for a trip to one of the factories, there was an organised agenda with meetings booked for the duration of the period of our visit.

During interviews with both Norwegian and Brazilian employees in other Norwegian companies, they often reported that there were differences between what the home office in Norway expected from the company and how the local people in offices in Brazil experienced the local reality. They said that the people working in

Norway did not have sufficient knowledge about Brazil. For example, many informants mentioned the different attitudes to deadlines in Norway and Brazil. It was maintained that Brazilians were more relaxed with regards to appointments and deadlines. A Brazilian informant who works in a Norwegian shipping company provided an example of how the local Brazilian branch encounters difficulties when the head office in Norway demand standardised rules to be applied globally. The shipping company has Adubos Trevo as customer and carries raw materials to some of Adubos Trevo's factories. The Norwegian head office expected the clients to respect the contracts that they had committed themselves to. In the contracts the ships have a certain amount of time to unload the material which the ship is hired to transport. However, he explained that the Brazilian companies have difficulties obeying the terms of the contracts to the extent that the head office demanded:

We Brazilians are simply not as organised as you are. The company's plan less over the long-term than maybe what is common in Europe or Norway, which means that it is harder for the companies to follow the terms in a contract. It might also be that they do not treat the contract as fixed, because they know that when they sign the contracts they do not have the overview of the situation that they are signing the contract for. So, the situation will not be the same in Europe as in Brazil.

When the ships exceed the amount of days for unloading the raw material as it is stated in the contract, the Norwegian head office demands that the client pay an additional fee for the extra time used. The informant indicated that the Brazilian clients expect flexibility in how to solve the situation, as it is common among Brazilian companies to have less planning. He claimed that they have a different view of the how the terms of the contract should be applied, and that his Brazilian customers wanted to renegotiate the terms rather than paying the extra fee. The Brazilian employee wished that the head office in Norway was more aware of what Brazilian "reality" is like, and he wished for flexibility on how to solve these issues.

He claimed that the head office of the company he worked for are not taking the local situation sufficiently into consideration when establishing general practices.

### **EMPHASISING THE BRAZILIAN IDENTITY**

In the previous sections I have related how employees in Adubos Trevo and other Norwegian and Brazilian informants explained flexibility and the concept of *dar um jeito*. In this section, I will explore further how flexibility and creativity are constructed as a Brazilian value among the employees of Adubos Trevo.

Omhae (1990) predicts the development of shared values in transnational organisations, claiming that the corporation will foster a common culture and identity for the employees. Do the employees in Adubos Trevo feel a sense of shared values with Hydro? Garsten (1994:211) found that employees in a multinational company like Apple Computers are attached to a moving network “in the sense of an organization that transcends national boundaries both in establishing a corporate business and in fostering a consciousness of its basic collective unity”. However, I found that the case of Hydro and the acquisition of Adubos Trevo are divergent in various ways from the case of Apple Computers. Apple Computers is a corporation which has sought and continues to seek to construct a strong identity around its technology. This identity is also constructed in opposition to other computer companies such as IBM and Microsoft. As Garsten (1994:214) indicates, people seek work in Apple Computers because they are already attracted by the identity and the alternative solutions Apple offers. Adubos Trevo has recently been purchased by Hydro, and was integrated into the Hydro Corporation along with its own history and established practices. As I showed in the introduction to chapter 3, the employees seemed proud of working in a company that valued “Corporate Social Responsibility” and “Health, Environment and Safety issues”. I found that the employees who had worked in the Hydro system previous to the Adubos Trevo acquisition were more familiar with the Hydro “mentality”, as Sebastião Araújo

called it. However, from the limited studies I conducted in Adubos Trevo, I found that the Hydro corporation worldwide does not seem to foster a collective unity in the sense that Garsten found in Apple Computers.

The research culminating in this thesis was carried out with companies with Norwegian owners and Norwegian or foreign managers. This implies that the Norwegians, whether as owners or as holders of leading positions in the local branch, are in the position of power and thereby set the agenda and shape the discourse in the company. Previously, I have shown how rules and commitment to plans are emphasised by Hydro. The employees see this in opposition to the need to find creative and flexible solutions under certain circumstances. In maintaining this, they make a distinction between local and foreign, constructing flexibility and creativity as a Brazilian value. Barth (1994) distinguishes between *ethnicity* and *ethnic identity*. Ethnicity points to a sense of difference and the image presented to the outsider, while the latter rests on a group self-ascription. I will not use the term ethnic identity; instead I will use the term *national identity*. Adubos Trevo is situated in the state of Rio Grande do Sul, and this state is particularly renowned for taking pride in their local (Gaúcho) historical and cultural traditions, as well as their level of economic development (Ruben Oliven 1996). Even though some of the informants mentioned local characteristics in the interviews and in day-to-day conversations, they did label flexibility, creativity and *dar um jeito* Brazilian values. A parallel can be drawn between the informants' narratives of their identity to the narratives used when talking about how football is played by the Norwegian and Brazilian national teams. Norwegian football is often conceptualised with words such as discipline and collectiveness, and is associated with a style introduced by Drillo, the former coach of the Norwegian national football team that is modelled on Tylor's organization ideals, with efficiency as the ultimate goal (Henningesen 2001:110). The players who are most often the subject of admiration among the Norwegian public are the players that, despite being successful players, are "still the same old boy", and outside the football

field act according to the values based on equality (ibid). On the other hand, DaMatta (in Archetti 2003: 210) sees football as a source of individuality in the Brazilian society, where the players escape from their fate of class or race and construct their own successful biographies on a public arena. In order to achieve success as a Brazilian football player, like a samba dancer, the players must have a *jogo da cintura*, says Archetti (ibid: 218). The national football team can then be said to embody individuality and creativity. The ways in which the Brazilian and Norwegian national football teams are conceptualised can be compared to how the Brazilians emphasise difference from the Norwegians.

Barth (1994) illustrates how ethnic identity draws attention to the processes whereby social groups draw borders between themselves and us, and not the cultural material that the ethnic borders encompass. The cultural traits that gain importance in ethnic terms are those which members of the ethnic group employ to separate groups from each other, especially when they use it as a sign of difference. These traits are important because they are indicators of boundaries and of identity and not because they are the most authentic or characteristic traits of the specific culture. Different cultural traits can be seen as useful adjustments to certain surroundings and forms of acquisition (Barth 1994: 181). To understand the reason why some of the employees articulate difference I have pointed to diverse differences in setting, from Hydro, originating in Northern Europe and accustomed to stable macro structures, to Brazil, where the macro structures have been characterised by an instable macroeconomic situation and a complex and extensive legal system.

## CONCLUDING REMARKS

In this chapter I have shown how, through domination of the discourse in the acquired company, Hydro is able to set the agenda and define what is and what is not acceptable practice. Previously, plans were made for shorter periods, and the impression given by employees is that the plans were easily changed. Today,

however, they are made with a longer-term perspective, even though the current owners still regarded them as short-term. I stressed the need to also explore the perceptions of risk as culturally embedded in the particular context in which actors operate. Different perceptions of concepts such as risk may result in different management strategies. In Brazil, where the external environment is considered to be uncertain and complex, flexibility and creativity seem to become important assets. This chapter has indicated that the employees in Adubos Trevo have the impression that rules and procedures are applied more strictly than previously, and that it is not always adequate for the Brazilian “reality”. The employees articulate differences from the owners by wanting to apply what they call “Brazilian” practices. They emphasise the need for being flexible with rules and applying the positive aspects of *jeitinho brasileiro* in the Brazilian context.

## **PART III**

### **PRACTICING LEADERSHIP AND DOING BUSINESS WITHIN A NEW CULTURAL CONTEXT**

In part II, I explored how a local company adapted to the principles demanded by a Norwegian multinational company. However, the new principles coexist alongside local values and previous practices. In part III, I will attempt to explore local knowledge and practices by looking at the interface between Norwegian and Brazilian in general; how working and doing business in a different context challenges management and business ideas, values and practices. I look at how the strategies coping with employees and clients in a new context are met by Norwegian managers in Brazil.

Part III, which is divided into two chapters, focuses on the management practice and business transactions conducted by Norwegian managers and companies in Brazil. In chapter 6, I will look at the internal environment in the company by focusing on Norwegian managers' experiences in performing within their roles as managers in Brazil, and how Brazilian employees perceive them. In chapter 7, I explore how Norwegian experience the processes of conducting market transactions and establishing trust between clients and suppliers in Brazil.

## CHAPTER 6: BORDERLESS MANAGERS?

Previously, I showed how the former presidents in Adubos Trevo differed in the way they performed their role as presidents, and how Hydro has brought new management principles. Organisations or firms have established status categories such as “manager” and “employee”, which to a large extent determine and limit people’s actions. According to Chandler (1977) the idea of the modern company was developed in the United States after the civil war, when economic development made it possible to leave the former hierarchical forms of business structures then common both in the US and Europe. New forms of production made it feasible to have a professional leadership that could distance itself from the owners. Chandler also argues that in business today, leadership is considered a unique quality that can be learnt or which is simply congenital, that you are just born with it. This idea of leadership fostered theoretical management models developed largely in the US, and has for some time been considered universally valid. Management theories like the *Human Relations movement* are often taught universally in business and administration colleges around the world. In recent years they have been criticised for being culturally biased and not taking into account different cultural practices. Byrkeflot (1997) and Guillén (1994) maintain that these theories have had different impacts and that management and leadership tasks are constituted differently in a diverse range of social settings. On the other hand, Reich (1992) and Omhae (1990) claim that certain groups such as expatriates will acquire a global identity not deeply rooted in any particular locality. In this chapter, I look at the practice of leadership among the Norwegian managers interviewed in Brazil and explore the interface of management practices by Norwegians in a Brazilian context. What conditions and possibilities are there for practicing management by the Norwegians in Brazil? How do Norwegians experience acting as managers in Brazil, and how do local employees view their managers?

I will first analyse how the Norwegian managers and their Brazilian employees experience the manager-employee relation in the Brazilian context. Secondly, I will look at the visible elements of the leadership style of the Norwegian managers and contrast it to the way it is experienced by the Brazilian employees. Finally, I will analyse the Norwegian managers' attitudes to leadership and how it should be conducted.

### **PERFORMING AS MANAGER IN BRAZIL**

In São Paulo I interviewed Arne Siggerud, a Norwegian manager who has worked in Brazil for a number of years. Prior to this Arne Siggerud had no international business experience, but he was headhunted to open a branch office for a Norwegian technology firm in Brazil. The branch office appears to be doing very well, having secured large contracts since opening in Brazil. We first met for an interview at a restaurant in São Paulo, and I asked him about his experience as a manager in Brazil:

There is a *very* big difference between being a manager in Norway and Brazil. In Brazil, the workers must be told how to do their jobs, or they will not do anything. This has been one of the greatest challenges during my time in Brazil. At the outset, for example, there was an episode where I hired a new employee. We divided the workload between us, and met after a week. Nothing had been done, and I wondered why. The employee told me that he had not done any work because I had not told him what should be done. I am not used to that. Here (in this company and under my authority), the employees are free to complete the task as they best see fit, but they are also responsible for getting the work done ("Frihet under ansvar"). Before (when I began), I was expected to tell them what needed to be done. Now, they offer suggestions and we discuss if we should do things this way or that. It seems more like a Norwegian firm to me now. I feel that what the manager says is not challenged here. In Norway, the boss is the boss because he has the final say in decisions. The only reason that I am contradicted here (in Brazil) is because I want to be contradicted.

After this interview, Arne Siggerud invited me to visit the company and to conduct interviews with the employees. I wanted to meet the administrative people that had

worked closely with Arne Siggerud and the head office in Norway, to hear their opinions on the experience of working in a Norwegian company. The company is located outside the centre of São Paulo, and consists of an administrative unit and a production unit. Besides Arne Siggerud, there had been several Norwegians there, working for different lengths of time. Some of the Brazilian employees had also visited the head office in Norway. One of the employees told me about her employee-manager relationship:

I feel that my boss treats me more as a partner than as someone in a manager-employee relationship. He gives me more opportunities, among others to be able to speak my mind and make decisions on my own. With Brazilian bosses, the attitude is much more like "I am the boss and I can decide over you". They are more suspicious.

Through these interviews and the interviews with other Norwegian managers, it soon became clear that the Norwegian managers in Brazil experienced considerable differences between being a manager in Norway and Brazil. The Norwegian business people describe their experiences with Brazilian working life as being far more hierarchical compared to what they are accustomed to in Norway. One of the Norwegian managers said in an interview: "In Brazil I am a boss with a capital B". Conditions that the Norwegian managers seem to value include an open dialogue with the employees with room for constructive criticism. They value a high level of work delegation, which implies that the employees must accept full responsibility for their work and how it is completed. However, these ideas stand in contrast to what Norwegian business people experience in Brazil. They feel that they have to keep a constant eye on their employees' tasks, compared to what they are accustomed to in Norway. The Norwegian managers find the Brazilian employees less willing to take on responsibility or show initiative. Most of the Norwegian managers I spoke to want to have discussions about the decisions before they are made, but find this hard to achieve in Brazil.

When analysing the described differences in leadership style between Norwegian and Brazilian managers, concepts such as trust and power become important. Tian Sørhaug (1996: 22) explores modern leadership as a blend of these two concepts. Both the terms *trust* and *power* refer to something invisible and immaterial and both are complex in that they can be hard to grasp and define. Working in an organisation implies the idea of a contract where formal management positions have a certain amount of sanctions at their disposal, and the knowledge of these possible sanctions makes employees act according to the manager's wishes. Engelstad (in Gulbrandsen 2001: 298) separates between *power to* and *power over*. He defines that having power over someone implies control of resources that can be used to reward, threaten, manipulate and influence (299). Often, several of these resources and control mechanisms are combined to achieve one's interest. To practise power over other people is often a means of obtaining power to reach even greater goals, such as – in the case of a company – profit, market shares, etc (idid). According to Sørhaug (1996: 24) the leadership function lies in the intersection between trust and power. He argues that (26) the two concepts can be problematic to combine because power is often used to promote one's own interests at the cost of others', while trust is often associated with closeness, intimacy and equality. Thus, power can overshadow trust, while trust can undermine power.

### ***CONDUCTING AN ORCHESTRA VS MANDAR FAZER (COMMANDING)***

One of the Norwegian managers in Adubos Trevo argues that considerable changes have taken place in the way management-employee roles in Norway are performed:

In the first job I had in Norway, the hierarchy was much larger than what is acceptable in Norway today, and maybe it was closer in spirit to what is common in Brazil at the present. The workers had highly esteemed respect for the managers. I worked on a large production unit where the employees almost took of their hat (lua) as the president of the production unit drove past them on his way to the office.

This informant points to an historical change in how people relate to hierarchy and authority in Norway. Previously, authority seems to have been strongly associated with obedience. Adding authority to Tian Sørhaugs discussion on what constitutes the elements of leadership, Francis Sejersted (1991: 35) and Hanna Arendt (1961) argue that power and trust in modern society has substituted, but not totally eliminated, old-fashioned authority. Using the term *old-fashioned* he implies that there has been a shift in the practice and legitimacy of authority in Norway (and Western society as a whole). *Conducting an orchestra* is a metaphor used by several Norwegian and Brazilian informants to describe the leadership style practised by the Norwegians. Sebastião Araújo in Adubos Trevo used this expression when he described the leadership ideas he learnt in Hydro. The metaphor is also frequently used in management literature, which uses it as way of describing how a modern leader should act, pointing to leadership as an aspect of conducting, overseeing and guiding. This leadership idea suggests equality, which clearly is in contrast to obedience and hierarchy.

An expression often used by Brazilian informants to describe the Brazilian leadership style was *mandar fazer* (command), indicating that it is more common in Brazil to have a leadership style based on authoritarian means such as control, monitoring and directing. According to Davel and Vasconcelos (1997), the traditional focal point of authority in Brazil - generated by the family and centered on the father figure - has penetrated company activity. *O chefe* (the manager) is seen as the father figure of a family who should be subject to submission, obedience and respect. In this case, authority demands obedience from the one who obeys to the one who commands. As suggested by the informant above, this kind of leadership style is considered old-fashioned by the more recent organisational theorists as well as by many of the Norwegian informants, who are strongly influenced by these theories. As with the informant above, most of the Norwegians interviewed see this form of authority as an old-fashioned practice.

To illustrate the differences in leadership style accounted for by the informants, I will use one example given by one of Hydro's Brazilian employees. He worked in Hydro's headquarters in Norway, and thought there were great differences between decision-making there in contrast to his experience within Brazilian companies:

To generalise: In Norway I went from meeting to meeting without any decisions being made. They were too democratic, and it almost went too far. I felt a need for decisions. There they waited until there was total agreement. In Brazil it is the opposite. The boss makes decisions without talking to any of the others.

This point of view was often shared by other Brazilians who had worked in Norway, and also by Norwegians working in Brazil. Norwegians and foreigners who had worked in Norwegian companies claimed that there is often an emphasis on consensus. They perceived this emphasis as annoying and unwanted, because it could take too much time to reach any decisions.

Weber (2000) pointed out that every type of administration needs a form of authority, where power is attached to certain positions. The exercise of authority oscillates between persuasion and coercion, containing an aspect of each element (Hanna Arendt 1961: 93). Authority must normally be practised in correspondence with established procedures and norms. Should a leader command, negotiate or persuade? How are these management strategies to be combined? Negotiations and persuasions involve a process of argumentation, which presupposes a form of equality and autonomy. Persuasion should not seem like a direct order, but rather like advice. Commanding, on the other hand, is not compatible with argumentation, but rests on obedience - with or without means of coercion - as the subordinates put aside their own opinions and judgements and are not given the right to reason on their own. The use of persuasion, which can be considered an egalitarian practice, exists in opposition to this hierarchical and authoritarian act of commanding. From

the information given by the Norwegian and Brazilian informants, the Brazilian leadership style seems to be associated with the extensive use of authoritarian means such as commanding. The Norwegian informants see this as authoritarian practice rather than as the practise of authority. In contrast, the Norwegian leadership style is associated with practices based on persuasion and negotiation, where the employees are delegated responsibility and are expected to contribute with their own opinions and judgement.

Halvard Vike (1998) finds that equality, traditionally in the political arena in Norway, is seen as ideal for many and found to be an important code for social interaction. As a consequence, it can be difficult for people with higher status to establish superior status. Sejersted (1993) examined the capitalistic development in Norway in the 20<sup>th</sup> century and found that Norway has a historically distinct characteristic of legitimising leadership, with emphasis on “democratic legitimacy”. This includes the democratic or quasi-democratic procedures for the election of leaders, but also a more general demand for openness and transparency, whereby one should state reasons for decisions and maybe even promote employees’ closeness to decisions (Sejersted 1997: 46). As a contrast, Borge de Freitas (1997: 44) identifies several characteristics in Brazilian organisations, including an attitude towards hierarchy. Firstly, however, there is a tendency towards a centralisation of power within certain social groups. Secondly, there is often a certain distance between the different social groups. Lastly, there is passivity and/or approval of this distance on part of the inferior group. Davel and Vasconcelos (1997) states that the long period of military rule has influenced the style of governance and values in Brazilian business, providing the characteristics of authoritarianism, centralisation and excessive focus on control. The manifestation of the lack of democratic practices can often be seen in magazines and newspapers where articles and commentators regularly complain about a lack of *cidadania* (citizenship). This has also led to

numerous non-governmental organisations working for an increased awareness of the concept of *cidadania*.

### **LEADERSHIP IN THE DYNAMICS OF THE BROADER PRODUCTION SYSTEM**

This brings us to the broader context of the organisations and the people involved. In order to analyse the relationship between manager and the managed, one needs to see it in relation to how society is organised and how people live. How is a job tied to family responsibilities and related to other social obligations? If the employees lose their jobs, what is the level of unemployment and what kind of social security systems exist?

A Norwegian who manages another Norwegian technology firm based in São Paulo gave this account of how he perceived the working environment in Brazil:

In Brazil there is no social security like you find in Norway. In Norway you are not that dependent on your work, and you are not that afraid of losing your job. So people do not work that hard in Norway, because they do not worry about losing their job. It is not the same in Brazil. In general, the quality level of the employees and the managers in Brazil is very high. Employees are highly committed to their work. Every so often Norwegians are surprised by how hard some Brazilians work because they expect something else in Brazil. In Brazil people start their working day early and finish late.

As referred to above, however, the Norwegian managers experienced that the local staff did not take on the level of responsibility which the Norwegian managers expected them to. Both the Norwegian and Brazilian managers explained that the Brazilian employees seem afraid of making mistakes or conveying criticism that could end in an argument with their manager, or eventually losing their job. Trust between the management and the employees are often essential for an employee to speak openly and offer opinions, and might be difficult to accomplish if negative sanctions are feared and seen as a realistic threat. As the quotation above indicates,

negative sanctions such as losing employment might have more severe consequences in Brazil than in Norway, as the external environment does not provide the same sense of security. Several of the Brazilian employees mentioned that there is generally a higher turnover in Brazilian companies, and some who had worked for several Norwegian employers pointed out that it seemed easier to lose one's job in a Brazilian company than in a Norwegian company. In Adubos Trevo some of my informants pointed out that the company has become softer on the employees concerning their performance. Some of the informants said that before Hydro took over it was common that people lost their job if they were not performing well. One informant told me that the former directors demanded that they had a turnover on 10% of the work force. That means that they wanted 10 % new employees to replace the people that were not performing well. If that did not happen naturally, they had to sack the people that were the poorest performers. The director of Human Resources said that they now looked more at the potential of the employees. If the employees were not performing well they tried to see if the employee had potential for improvements before they fired them. Now, it is only when absolutely necessary that they fire employees, and they must have a valid reason for doing so. This illustrates that it may be more legitimate to use visible sanctions in Brazil. Methods of managing and coordinating the employees must be understood in relation to the dynamics of the broader production system, and cannot be understood separate from the socio-economic context (Dicken, Forsgren and Malmberg 1994: 30). The unemployment rate has been relatively high in Brazil, and therefore employees are aware that other people are standing in line to take over their jobs if the manager is not satisfied. If you are unemployed in Brazil, you become dependent on your family. The employee's salary may be the main source of income for a family, and the family may be dependent on that income for attending a private school, having access to medical care and so forth.

## DIFFERENT APPROACHES TO HIERARCHY

On several occasions and during interviews, informants gave examples that indicated differing perceptions of how communication within the organizational hierarchy should take place. I will continue by exploring practices that relate to hierarchy. A Brazilian, Gonzalo Barros, who has worked in several Norwegian companies, mentioned that information is generally more readily available and openly distributed compared to the experience he had with other Brazilian companies. He argued that in Brazilian companies it frequently happens that employees or managers withhold information from their co-workers. A young Norwegian, Sturla Dahl, who worked on a project based in Petrobras, a state-owned oil company, told me about some episodes where he had been very frustrated during the time he worked in Brazil. It is important to note that many of the Norwegian companies in Brazil are doing business with Petrobras, which is considered very bureaucratic and hierarchical even in the Brazilian context. Sturla Dahl gave one example from a project he was working on. He remembered that at some of the meetings he did not agree with his own superior managers on how to proceed with the project. During the meetings Sturla Dahl tried to find arguments for realising the project differently than suggested. After he had presented his ideas he had the impression that the managers agreed with his argument and were prepared to continue the project according to his suggestions. However, later Sturla Dahl found that they continued the project, without informing him, in line with the original ideas. For Sturla Dahl it was frustrating that they did not offer their opinions and try to discuss the ideas and arguments behind them.

Archetti (1986: 49) argues that in Norway, in contrast to Latin America, one should not talk about the outcome of decisions as a product of a conspiracy, but as a result of decent conduct. It is an ideal in Norway that stakeholders play with open cards and issues should be decided upon and put into action by information that is available to everybody. Gullestad (1992:17) has pointed out that *fred* and *ro* (peace

and quiet) are important values that, in the Norwegian context, are achieved through control of feeling and absence of open conflicts. *Fred* and *ro* require that one does not bring out differences or make underlying conflicts explicit. In Latin America there is generally strong support of conspiracy as an explanation of power, where the outcome of decisions is often seen as a result of secret actions and manipulation, such as favouring family and close friends. Archetti (1986: 59) claims that if the same explanations are used in Norway, the actor will be characterised by others as having a slight paranoia. A bad political actor in Norway has the following characteristics: he is a manipulator, and seeks to hurt any counterparts' interests, he acts like he is the master in front of his servants, he tries to control the flow of resources, and he presents other people's actions as directed against him and his interests (ibid). If the legitimacy of authority is founded on power, then the decisions may often be seen as a result of negotiations, and the manager may involve himself in a game for power (Sejersted 1997: 38). Information can be seen as a means of achieving or maintaining control, as it can be withheld in order to construct a situation that is best for the person withholding it. As shown in a previous chapter, during the process where Hydro acquired Adubos Trevo an increased emphasis was put on transparency and communication. Given that transparent communication is valued positively, it might prevent employees or managers from withholding information from the organisation. Haldor Byrkjeflot<sup>7</sup> (1997:17) examines the Nordic model of management, which he chooses to call *constitutional management*, characterising it as having an emphasis on compromise among conflicting interests. According to him, interest representation and the ability to arrive at compromises to improve conditions for the stakeholders are a highly valued trait in the Nordic management style.

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<sup>7</sup> Byrkjeflot argues that the traditional Nordic management model (which, according to him, existed between 1945 and 1990, and which supposedly ceased to exist sometime between 1978 and 1990) has been challenged by neo-liberalism and the shareholder value movement. There is now a stronger emphasis on customer-oriented and visionary management as opposed to representative and constitutional management.

One Brazilian employee in the company where Arne Siggerud was manager described how he had observed that a Norwegian employee had turned directly to headquarters in Norway concerning a matter in which he disagreed with Arne Siggerud. The Brazilian employee thought that his Norwegian colleague was very impolite until he realised that this was not seen as a problem by the people working at headquarters or by Arne Siggerud. In another Norwegian company, with only a few people employees in Rio de Janeiro, a Norwegian, Jan Pettersen, told me about a similar experience. There are two Norwegians working in the office, the other Norwegian being the director. Jan Pettersen often experienced that the Brazilian employees turned to him to ask if he could convey a request to the head of the office. He thought this was odd. Why did they not tell it directly to the person that they needed to speak to, especially since the office consisted of only a few people? In DaMatta's (1991: 140) eyes, Brazil is not based on equality and individualism, but a system intensely preoccupied with authority, hierarchy and the idea of "everyone in his proper place". If a Norwegian manager in Brazil is acting out what would have been expected from him in Norway on a supposed background of equality and egalitarianism, it might seem as if he under-communicates his role as manager. This might create confusion among the employees concerning how their interactions should occur. In the anthropology of the Mediterranean area the concepts of honour and shame are thought to be of great importance. Since Brazil in its colonial past belonged to Portugal, and many of the immigrants came from the Mediterranean region, concepts of honour and shame still exert great influence in Brazilian society. DaMatta (1991: 185) argues that the personal dimension is grounded of *honra* (honour), *vergonia* (shame) and respect. Honour and respect establish prestige and authority among people. In a Norwegian context, if the concepts of honour and shame are emphasised, the role of manager might seem over-communicated. Thus, his performance as manager runs the risk of not being considered legitimate by putting too much emphasis on being a manager.

## THE VISIBLE ASPECTS OF LEADERSHIP

In the previous section I showed how employees experienced changes in the way different presidents performed their role as company managers through a change in the use of (power) symbols applied in their leadership. Performing as a leader is an articulation of prestige through more or less visible symbols and signs. In this section I will explore how the Norwegian managers and the Brazilian employees relate to the manager status, and the tangible aspects of leadership.

The Brazilian informants who had work experience from Norway were astounded at the ease with which one could get in touch with the heads of relatively large companies there. Some had sat next to the CEO during lunch at the company luncheon. This was something they believed would be next to impossible in large Brazilian companies. The Brazilian informants felt that there, leaders would keep to themselves or refrain from having too much contact with the employees further down in the company hierarchy, mingling only with people close to themselves in the hierarchy or people in similar positions in other companies. Adriana Vivani, a Brazilian who had extensive work experience in Norwegian organisations, including the Norwegian Consulate, said that she was surprised when ministers from Norway visited Brazil and would sometimes have lunch at the lunchroom in the consulate together with all the employees.

Henningsen's (2001) study on how young Norwegian football players deal with their status as sports heroes, might provide an interesting reference to the performance of the Norwegian business managers. The football players have to strike a balance between their life on and off the field. You can perform well and be a hero on the field, but outside you should appear as "the same old boy", not acting as though your status outside the field has been transformed as well. It is the players who perform well and who are still firmly anchored in everyday life who are subjects of admiration among the Norwegian public. *Likhet* (equality) has been perceived as a natural source of order in Norwegian society. This does not mean that differences

and hierarchy are absent and that formal arenas are open to all, but rather that the elites have to demonstrate a familiarity with the concept of equality to gain legitimacy (Henningsen 2001: 126). The example of Arne, discussed at the start of this chapter, may give an illustration of how some of the Norwegian managers feel that they have to change the visible elements of their management style. Arne mentioned that he tried to continue his way of performing as manager. However, he also mentioned situations where he had to act differently. Arne had noticed that it was important as a boss to show Brazilians outside the company his status. He gave an example: If he was going to show Brazilians visitors how a certain technology operates in the factory, he had to bring with him a person who knew how to use the tools and then he would only indicate to his helper what he wanted him to do, even though Arne knew how to operate the machines. According to him this would not be common for him to do in Norway, where he would have performed the task himself. Had he told a Norwegian worker to operate the machines, he would certainly have been considered snobbish, he thought. Anthropological literature finds that there is a strong tendency in the Nordic countries to downplay and mystify the role of leadership knowledge (Gullestad 1989, Barnes 1954). Social interaction is characterised by under-communication of differences and emphasising “sameness” and exclude symbolic variations in status which might introduce hierarchies in social status.

One Brazilian mentioned that on the streets in Brazil people could call him *Doutor*<sup>8</sup> and that when addressing the manager it is common to use the first name with a title, like *senhor* or *senhora* X (first name). While he had noticed that nobody would do that in Norway, in Brazil it is common for example to use more polite

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<sup>8</sup> In Brazil this literally means a professor or Doctor. From what I experienced it also means an educated or rich man. Those two expressions are often blended in Brazil, because a educated man is often rich and vice versa. Often poor people use it as a polite expression to people that look educated and rich. I will give one example that I heard in the family where I lived during my field work in Adubos Trevo: The father in the family is a regional director of an international company. The daughter met a person that earlier had been a caretaker in their building, and he asked whether she was the daughter of *Doutor* X. She replied ironically that she was his daughter, but not of *Doutor* X. From what I experienced, people of a middle and higher middle class would not use it as a way of addressing each other if they were not doctors, but people from the lower classes still would.

expressions when they speak to their boss or someone that looks like they have more authority than themselves. The Norwegian informants noticed that their subordinates were very polite, for example when entering the manager's office, they would say *com licença* (excuse me), and they would let the manager enter a door or go up the stairs first. I experienced this when I went with one of the Norwegians working in Adubos Trevo to visit a factory. On the way to the factory he mentioned that the employees showed more respect towards the managers in Brazil. In order for me to understand, he asked me to observe who was entering or leaving the room or the elevator first. He suggested that he as a manager would always be "guided" through the door first, and then the girls and then the other men would follow. During the time we spent in the company, he would constantly be indicated to leave the room first, after which the employees would wait for me to pass before they would follow themselves. Gullestad (1992) argues that during the last few decades, there has been an explicit attempt in Norwegian public life to get rid of so-called "empty rituals" and empty words or phrases, such as the use of the polite form of address *De*, which has almost disappeared. She identifies the idea of *nærhet* (closeness) as one of the keys to the change described above. According to Gullestad (ibid), closeness in the Norwegian context is associated with informality, which can explain the strong reaction to formal etiquette and deference. Formality is associated with hierarchy, which is antithetical to closeness. The denial of hierarchy is an expression of the Nordic region's egalitarian individualism (ibid.).

### **"NORWEGIANS ARE DIRECT" - EXCHANGING STEREOTYPES**

Several of the Norwegian managers and the Brazilian employees interviewed said that they had language problems. Few Brazilian employees speak English, so the Norwegian managers have to learn Portuguese. Some of the managers knew how to speak Spanish and gradually learnt to speak Portuguese, but most had no prior knowledge and had to learn Portuguese from scratch. Some of the Brazilians

indicated that they had problems communicating with their managers, especially in the start, because of their lack of knowledge of the Portuguese language.

Learning how to communicating in a new language also implies that you have to learn how the language is used and applied. Most of the people interviewed had noticed a difference between the way Norwegian and Brazilians express themselves. The Norwegians experience that most Brazilians use more polite words and gestures. One Brazilian, Fabio Moraes, who had worked with Norwegians for a long time gave me this comment:

Fabio Moraes: "Norwegians are often seen as cold"

Me: "What do you mean by that?"

Fabio Moraes: "European, Americans and Norwegians go more directly to the point like: you did bad work. Here (in Brazil) we use a more indirect approach. Norwegians are direct. Brazilians can interpret that as being aggressive. Brazilians might be offended, because it is not normal for us."

The Norwegians and Brazilians label each other as cold and warm respectively. The Brazilian informants often characterised Norwegians as going more directly to the point. The informants explained that they either say what they have in mind right away, or they often use a more direct way of articulating themselves. The Brazilians, on the other hand, are characterised as more indirect and having a more circuitous way of getting to what they want to say. Some of the Norwegian informants said that they feel that they are used to going straight to what they would like to say, like for instance when they are starting a telephone conversation. In Brazil, it is common to first ask questions such as: "How are you doing?" and "Did you see the football game yesterday?" before you continue to what you would like to say. Norwegians said that Brazilians used more *tomprat* (empty talk). The expression can be

interpreted as if the phrases do not necessary lead to anything and that they are therefore unnecessary. Hochschild (in Danielsen and Serch-Hanssen 2001: 333) distinguish between two ways of expressing feelings. *Surface acting* and *deep acting* separate between whether you mean or do not mean what you are actually saying. Norwegians are often deep *reading* expressions, wanting the expression to correspond with meaning (Longva 2003). The expression *tomprat* (empty talk) relates to expressions that can be seen as dishonest and insincere, and therefore be considered unnecessary. As the informant above indicated, Brazilians often describe Norwegians as being “cold”. The expression indicates that surface acting is valued in a Brazilian setting, which does not place the same importance on the correspondence between meaning and expression. When the Brazilian informants were asked what they meant by the expression “cold”, they also pointed to their impression that the Norwegians display less feelings and emotions in public. Even though the hierarchy is strong in Brazil, DaMatta (1991: 146) argues that it is connected with social “intimacy”. Work relationships are related with a whole set of personal ties governed by values such as intimacy, consideration, favour and respect. At the same time as employees have a strong respect for the hierarchy it also seems important to express personal bonds.

At the outset of this chapter I indicated that the Norwegian informants valued an open dialogue with room for constructive criticism. Several Norwegian managers mentioned giving critiques as a particularly difficult issue. They said that one should be careful with the way one criticises, because some Brazilians take that criticism on the task they performed personally, and get personally offended and upset. The Norwegians who had been working in Latin America for a long time expressed that they were very careful with the way they relayed criticism and tried to express it as carefully as possible so as not to offend people. They also experienced that their Brazilian colleagues were extremely indirect in the way they communicated and gave criticism. Another Brazilian informant mentioned that in Norway there seems

to be a separation between the job that the person is doing and the person itself, in the sense that it is one thing how people perform in their job and another how the person is as a person. In Norwegian there is a saying: “å skille mellom sak og person” (to separate between professional and personal matters), while in Brazil there is no such saying. He and other informants as well felt that some Brazilians often confused a critique of their work with criticism concerning their person. According to Archetti (1986: 49), when decisions are made, Latin Americans attribute more weight to feelings and engagement when considering the strength of an argument, and that in political processes a single actor’s personal character is transformed into important decisive arguments for political decisions. This makes it impossible to separate between “sak og person” (the argument and the person). Archetti (ibid) argues that for people in Latin America emotions and emotional commitment can often be decisive factors in decisions-making. In Norway decisions and power are perceived as a consequence of an “objective process” where the actors are expected to consider arguments and situations and not persons and their character. Being objective and positive, sticking to the case and having arguments based on the facts are all-important values. It is the arguments and not subjective values or personal sympathies that are supposed to count (ibid.).

### **PROPHETS OF THE NORWEGIAN STYLE OF LEADERSHIP**

I started this chapter by introducing a discussion on management theories and whether such theories can be seen as knowledge independent of context and locality. Organisational theories such as the Human Relations discipline allegedly provide a universal model for resolving the relationship between manager and the managed. Thus far, I have explored such analytical concepts as power and trust in relation to the interface experience by Norwegian managers and Brazilian employees, indicating differing ideas between Norwegian and Brazilian managers as to how the hierarchical interaction between manager and employee should be enacted. I will

now continue examining how the Norwegian managers view leadership and the practise of leadership in Brazil.

When I conducted my research, Per Egil Vidarsen had just won the position of president of the Latin American division in one of the largest Norwegian companies established in Brazil. During the previous few years he had worked abroad both in Europe and Asia. Per Egil Vidarsen said the following when asked about the experience of being a leader in Brazil:

People all over the world get motivated, happy, sad and enthusiastic for the same reasons. The task as a leader is to motivate people, by giving them respect, listening, being open-minded and making sure that people do things without necessarily being told. Therefore, openness, trust and respect are important. This can be difficult to achieve when you are in a system where people expect something different.

Like Per Arne Vidarsen, most of the other Norwegian managers interviewed had notions of what the best way of motivating the employees is, in contrast to leadership styles that bring out hierarchy. Carla Dahl-Jørgensen (2003) found in interviews with directors of the large Norwegian corporations that they had a strong notion of “our” leadership style, and believed in the importance of preserving and developing the Norwegian or the Scandinavian leadership model. Thus, the Norwegian manager assumes that the managers can communicate and pass on to the local employees these Norwegian values and the Norwegian leadership style.

Most of the Norwegian managers I interviewed experienced difficulties and frustrations during their initial period, but they said that after a period the employees adapted and understood how the executives wanted tasks to be carried out. Goffman (1992) sees a social situation as the point of departure for understanding a social interaction. Establishing a social situation requires two or more people to agree on what information will be involved or what will be communicated. This agreement is often achieved implicitly, seldom as an outspoken

agreement. In other words, the situation is defined when there is an established agreement on what statuses and resources are appropriate to draw on in the given situation. If we apply these concepts to the situation described by the Norwegian managers above, it might be plausible to think that both the managers and the employees have different expectations of the situation and how they should act within them. When a Norwegian manager arrives in Brazil, the workplace may lack an agreement of the social situation, thus causing confusion about the rights and duties of employees and managers. Since the situation tends to be defined implicitly, understanding is always against a background of what is taken for granted. This can often create miscommunication, because the other party does not necessarily share one's expectations or habits. Most of the Norwegian leaders claimed that, given time to adjust, their employees would understand their way of thinking and become familiar with their way of working. The employees I spoke to say that they enjoy having a manager who is open to suggestions and delegating responsibility, as mentioned in the interviews described earlier. As a comparison, Partapuoli (1999) found that the Estonians she interviewed liked the way that Norwegians performed as managers. However, it is important to note that a number of the managers mentioned that the employees have to perform the job as requested, or they could not work together. Some of the managers had made changes after they arrived in Brazil, for example changing the staff or altering the organisational structure of the local company, because the company had previously not been performing well. It is natural to assume that they kept or hired employees that favoured their leadership style. The employees that did not find themselves familiar with the new way of working would eventually have found reasons for quitting their jobs. However, in the interviews, the Brazilian employees may have emphasised the positive sides of their Norwegian managers, and not presented the negative sides.

One of my informants said that he chose to take on another role as a leader in Brazil than what he would have done in Norway. He expressed it in this way:

Here in Brazil, I feel that I have to be more of a general, holding the reins. In Brazil it is expected that the leader knows most and knows best. I feel that I have to keep tabs on people here. In Scandinavia, knowledge is distributed throughout the organisation. The leader is more of a conductor in an orchestra, who will be on the frontline when needed. Tasks are divided among the employees, and are completed without the manager having to do a lot of monitoring.

In spite of the Norwegian manager's own account of how he checks up on the employees in the Brazilian branch more regularly than in Norway, his Brazilian employees still described him as much more open and willing to delegate authority than what they were accustomed to from other firms in Brazil.

The Norwegian managers seem to share some basic assumptions of how leadership should be conducted, and they represent a different way of practising leadership, compared to what is common in the local Brazilian context. However, these shared assumptions are generally viewed among the Norwegian managers as the best way of practising leadership and motivating the employees. To some extent they do not consider their own leadership style as a cultural practice, believing it is universally applicable and demanding that the employees adapt to their leadership.

## **CONCLUDING REMARKS**

The Norwegian managers describe considerable differences between performing as managers in Norway and Brazil. Most of them seem to share some normative assumptions of leadership, and set these leadership ideals in contrast to the practice found in Brazil. Thus, the Norwegian managers believe that the Norwegian leadership ideal represents the best practice, and that the employees must adjust to this practice. On the other hand, I have also shown, as in the example with Arne, that the Norwegian managers see the need to adjust their more tangible leadership practices when they are in contact with Brazilian clients and external contacts. In the next chapter, I explore the interaction between client and suppliers among the Norwegian and Brazilian business people.

## CHAPTER 7: TRUST AND PERSONAL RELATIONSHIPS IN BUSINESS

Network is important in any country, but it is even more important in Brazil. In Brazil you have to know people to get help, advice and guidance. Of course, facts are important in Brazil as well. In Norway the proportions are opposite. You build your network more active and explicit here than in Norway, maybe because it is more important. This may sound cynical. As a result work and private life tend to melt more into each other in Brazil.

A Norwegian businessperson who works in a Norwegian company in Brazil linked to the oil industry

As the above statement indicates, among the Norwegian informants personal relationships are described as much more important in Brazil than in Norway. The informant stresses that this does not mean that personal relationships are not important in Norwegian business life, but to conduct business in Brazil one is even more dependent on the personal relationship than in Norway.

Some have argued that modernity, through the development of capitalism and industrialism, allegedly changed some of the previous patterns of life. Life would now be experienced as more strictly divided into two distinct spheres: a public sphere of endeavour governed ultimately by the market and a private sphere of intimate relationships and individual existence (Ehrenreich & English 1992: 218). According to Bloch and Perry (1989: 7), Western cultural construction of the market postulated by modernity, tended to separate between non-monetary and monetary economies and a series of other dichotomies such as pre-capitalist and capitalist, gift economies and commodity economies, production for use and production for exchange. Further, they (ibid: 9) claim that for Westerners money signifies a sphere of economic relationships that is supposed to be inherently impersonal, transitory, amoral and calculating. The market sphere is considered an autonomous domain to

which general moral precepts do not apply. As a contrast, a gift expresses a relationship which is supposed to be personal, enduring, moral and altruistic. Western ideology of the gift has been constructed in opposition to the market exchange, where the purely unselfish gifts are the other side of the coin from the idea of the purely interested utilitarian exchange. As already mentioned, social scientists have criticised the pure descriptions made by modernity, offering the opinion that these pure descriptions do not necessarily correspond to reality.

Classic economic theory assumes that the market consists of participants who *maximise utility* on an arena where all parties are fully informed of the relative price and quality of the commodities in question. These economic theories portray capitalism and market principles as a-cultural forces. In recent times, the assumption that the market consist of participants who maximize utility on an arena where all parties are fully informed of the relative price and quality of the commodities in question, has been criticised by sociologist and anthropologist who argue the embeddedness also of modern market transactions (Granovetter 1985, Appandurai 1986, Lien 1998 Garsten C, Hasselström A. 2003).

Previously, I have explored trust in the relationship between manager and employee. The devolvment of a business relationship implies extensive social interaction and exchange with others. Trust, creates conditions for and mobilises action and interaction. In anthropology the idea of *the gift* was first explored by Mauss. Trust can be seen as the gift that has not yet been given, or the gift that you are expecting to be returned. It is about trusting actions that have not yet happened, and trusting the other's will, and it is therefore conditions that you will never know the exact contents of. To what extent does need trust in order to conduct business, and how is trust developed in business?

In this chapter I explore business transactions between Norwegian and Brazilian business people. Since almost none of my Brazilian informants had worked with clients in the Norwegian context, this chapter will focus on how Brazilians view

the Norwegians and how the Norwegians experience working with clients and customers in Brazil. Furthermore, I will explore the use of person relationships and trust in business life in Brazil and discuss why it is important. Lastly, the view of the private and professional sphere will be elaborated by looking at different constructions of what is considered private and what is considered professional in Norway and Brazil.

### **THE USE OF PERSONAL CONTACTS AND NETWORK**

When I arrived to do fieldwork in Brazil one of the first contacts I made was with the Norwegian Export Council. The Norwegian Export Council<sup>9</sup> is a national resource centre that through paid services helps to assist Norwegian business abroad, often the establishment and setting up of local branches. The Norwegian Export Council has two offices in Brazil. The head office is based in São Paulo and the other is located in Rio de Janeiro. I contacted them to learn which companies are present in Brazil and how the Norwegian businesses operate. In my first conversation with one of the Norwegian employees, he mentioned that personal contacts are used differently in Brazil compared to what he thought was common in Norway. He explained his thoughts about the use of personal relationships as follows:

Your personal network is built more actively and explicitly in Brazil than in Norway, maybe it is because more importance is placed on it. Let's say that you have a friend who wants to conduct business with a company. In that company there is an acquaintance you have met a few times. In Brazil it would be easy to call him and introduce him to your friend. This would make it easier to get in contact with the company and can also be an advantage. I guess that most Brazilians see nothing wrong in using this personal contact. While in Norway it is not as popular to use this kind of connections in the same way. I think that some people would feel uncomfortable about this as most people in Norway would think that a person should not gain an advantage in this way.

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<sup>9</sup> The Norwegian Export Council has in January 2004 fused with other official organizations in Norway and are now called Innovation Norway.

The informant seems to make a distinction between the private and the professional. Gregory (1982) formulated the distinction between gift and commodity exchange as follows: the former is the exchange of inalienable objects between interdependent transactors; the latter is the exchange of alienable objects between independent transactors. The division between these two forms of exchange can be assumed to signify a radical contrast in moral evaluation. The quotations above may suggest that the Norwegian informant related different definitions of the two categories of private and professional spheres to the practise in Brazil and Norway, and that these categories are associated with different moral principles. The concepts may be fruitfully applied to an analysis of that interview, in which the informant distinguishes the different views on Norwegian and Brazilian market relations. Classical sociologists associate modernity with the use of contract relationships in the market sphere where professional relationships are based on contracts rather than personal and emotional relationships. Mary Douglas (1991) points out that we construct differences between order and disorder. The things that go beyond that order are polluting the established order because they do not fit into the established classifications. When market relations become too friendly they may appear to threaten established categories and to pollute the established order that separates between the private and the professional. A more strict definition of these categories in Norway may lead to the view that personal contact is easily associated with pollution of the professional sphere, and not considered legitimate in the marked transactions. For Norwegians personal relationships in market transactions seem to become more visible in Brazil. Peacock and Holland (1993) stress the need to separate between the stories and the lived life. Thus, it is important to be sceptic towards the narratives portraying national identity and people's experiences because they may be presented in a manner that sheds unwarranted positive light on the person and the national identity, thereby, expressing the values one believes best correspond to ones own idea about national identity, rather than conveying actions that do not match

with ideas of the national identity and the person's own idea about morality. The Norwegian newspaper Dagbladet (2007) writes that Norwegian managers prefer to employ people with whom they are already familiar. The newspaper presents an opinion poll carried out by Infact AS. According to the findings, seven out of ten managers (67.8 %) would prefer hiring a job applicant whom they know well, while only one out of ten managers (14.7 %) would hire an applicant whom they did not know. It might also be plausible to argue that the Norwegians in Brazil do notice the use of personal contacts because most of them do not have the same network in Brazil as they have in Norway.

Another Norwegian informant, who has a long experience in both the Brazilian and the Norwegian markets, made the following comparison between the ways in which contact is maintained with clients in Norway and Brazil:

In Norway, when you make a business offer, you can make that offer almost without having made personal contact. In Brazil this is almost impossible. Often you have to develop a good relationship with the people that you are going to enter into a deal with. Most of the business I conduct in Norway is done through electronic mediums like fax machine, telephone or e-mail. Actually, some of the important customer I might have worked together with for a long period without meeting them in person. In Brazil this would be uncommon. I (the manager) have never been involved in larger transactions without having first met the people in the relevant companies.

He pointed out the importance of meeting people and developing personal contact when conducting business in Brazil. For the Norwegian informant it was unusual to develop such close personal relationships with his customers in Norway. This leads us to the question: how can these differences be explained, and how do they relate to other social practices? In order to illuminate the context of the analysis it might be useful to see it in relation to how anthropologists have characterised society in Norway and Brazil. As previously seen, in the Norwegian context equality and autonomy are seen as important values, which can function as important premises

for social interaction. As a contrast, the Mediterranean area and Latin America are characterised by patron-client relationships where friendship has traditionally been a relationship between unequals, and where personal unequals are considered to be more important for the distribution of goods, information and power than in Scandinavia (Gullestad 1992: 239). DaMatta and Hess (1995: 13) recognise that in Brazil personal relationships are seen as resources people can use to manoeuvre around the rules of the official hierarchies and give people a social address in a hierarchical society. Personalism can be seen in contrast to individualism and egalitarian principles where rules are seen as equal to all and universal, rather than a practice where personal loyalties tend to have the upper hand (DaMatta and Hess 1995: 7). This type of relations might also involve obligations of reciprocity, where one feels obliged to return the favours that have been provided by others. Archetti (1986) argues that Latin Americans are not afraid to end up in a relationship characterised by imbalance in the exchange of goods and services. In Norway, meanwhile, reciprocity has to be united with the value of independence and equality.

### **A TOUCH OF HUMAN CHEMISTRY**

When I returned to Norway from fieldwork, I was introduced to a Brazilian working for a Norwegian company in Norway. During a conversation with him he mentioned a potential Norwegian client and the reasons why his Brazilian company in fact does not conduct business with the Norwegian company in question. I had at that time become familiar with the Norwegian company, and knew that the potential Norwegian client was struggling to get contracts with the Brazilian company where the person in question works. He told me that the Brazilian company he worked for officially did not conduct business with that Norwegian company, because the product that the company offered could not be adapted to their machines. He admitted that this was not the only reason, and suggested that the component that the Norwegian company was selling could, with some effort, be adjusted to the

machines the Brazilian company was using. However, he thought that the reason why they were not conducting business with the company was because he and his colleagues did not find the people in the Norwegian company sympathetic. According to him, this was a more accurate explanation for why they were not willing to enter into further discussions about the product the Norwegian company offered.

The conversation suggests that there is a discrepancy between the official explanations, based on market principles, and the reasons on which the decisions are actually based. Lien (1998) challenges the assumptions that market decisions are disembodied and independent transactions based on relative price and quality of the commodities. In her research with a Norwegian food manufacturer, referred to earlier, she finds that market decisions can also be based on long-term social relationships between agencies and clients. Even though the informants justify their decisions in market principles, Lien (*ibid*: 55) finds that the final decision is often based on the interdependency of transactors. As a comparison, Brian Moeran's (1996: 57) fieldwork in a Japanese advertising agency suggests that human chemistry is crucial in the Japanese advertising business, and that sales people specialise in personal relations. Of course the sales people have to study the advertiser's products, markets and corporate structure. Moeran (*ibid*) does not argue that human chemistry is not important in Western advertising, but the emphasis is different. Rather, he suggests that human chemistry counts for two thirds and business skills for one third, while in Europe and the United States these ratios are usually the opposite. The description from Japan is comparable to how the Norwegians and Brazilians I interviewed experienced the differences between doing business in Norway and Brazil. Both the Norwegian and the Brazilian informants found a much stronger need for personal relations with clients or customers in Brazil, than what is viewed as common in Norway.

## THE RADIUS OF TRUST

A Norwegian I met in Rio de Janeiro had worked in Brazil in the oil sector for many years. He also emphasised the importance in Brazil of getting to know the people with whom you are doing business. He had often been at official representations where Norwegians were present, and he argued that they could have had more success if they had not been so focused on just talking about business. When Norwegians at social events had the chance to talk to the important representatives and potential customers from Brazilian companies, they often made a thirty-minute propaganda presentation of their product. Instead, he suggested that they should use those thirty minutes to talk about something else and more pleasant, and then in the end they could say something about the business they represented. In his opinion, the Brazilian executives do not go to social gatherings only to talk about business:

First they have to know you as a person and not as a representative of your business, and then you might get them interested by talking five minutes about your business.

In the interviews I conducted, most of the Norwegians expressed frustration when they were feeling almost obliged to know their clients personally in order to secure a contract. As I showed in the previous chapter, Norwegians were often stereotyped by Brazilians as being cold, and were seen as closed and not overtly eager to socialise with their business partners. Some of the Norwegians interviewed experienced business in Brazil as a more interesting way of doing business. The Norwegian referred to above told me that he enjoyed doing business in Brazil much more than in Norway. One of the reasons he stated for this was that doing business becomes more fun when you are personally involved with the people you cooperate with. Others mentioned the positive side of the personal contact they developed with their clients in Brazil. They held that it is easier to talk about business-related problems when you have close contacts with, for instance, your supplier. When you are familiar with the

people and you often talk to each other it becomes easier to discuss any problems you are having. Then you might try to make an extra effort to solve the problems together. Giddens (1990: 80) separates between two kinds of trust relations: *facework commitments* and *faceless commitments*. In facework commitment trust is anchored in the particular localities, when people are in the same place and interact with each other. Faceless commitments manifest trust given to society's abstract systems. In modern society the importance of facework commitment has diminished in favour of trust in abstract systems because the modern institutions depend on trust mechanisms related to expert systems. In modern society, one has access points to abstract systems through individuals and groups, where facework and faceless commitments interact (ibid: 83). The trustworthiness of the abstract systems depends on the meeting with the system representatives (ibid). As a contrast to Giddens, Archetti (1986: 52) explores how trust varies between Norway and Latin America. He applies Bailey's model of trust, where trust can be drawn as circles with ego as the centre. He argues that Latin American and Norwegian models of who to trust contrast each other. His impression is that in Norway the circle is drawn wider and that there are wider definitions of who should be included in the circle. It is not necessarily a result of whether ego is tied to them by strong bonds of respect and intimacy. Rather, this result in a more abstract definition of trust by Latin Americans, where social allies are concrete persons and not abstract social categories.

Just as Garsten and Hasselström (2003) claim that perception of risk and responsibility are culturally embedded in social and cultural contexts where the actors work, this study may indicate that the perception of trust can be seen as embedded in social and cultural contexts and influenced by local beliefs and values. Different perceptions of trust may lead to different strategies for achieving and gaining trust in social situations, such as market transactions.

## **LACK OF TRUST IN THE SYSTEM**

Most of the Norwegian informants in Brazil had studied either business or engineering. Lately, several of the education institutions in these areas have started to teach topics like intercultural communication. In these courses it is often said that for example the Latin American and the Arabic countries put a lot of emphasis on personal relationships, while the North American and North European countries are more orientated towards formal tasks than personal relationships. One Norwegian executive referred to his schooling at a marketing college, where one of his subjects had been intercultural communication. Sometimes when he participated in business meetings in Latin America he was reminded of a film shown in one of his classes. The film described a situation where a European executive tried to establish a business deal in Mexico. During a business dinner, the European executive tried to get down to business, while the Mexican focused on getting to know the other executive as a person. The film showed how the European got annoyed because he thought the Mexican talked about issues that were irrelevant. At the same time, the Mexican would like to get to know him better so that he knew what kind of person he was going to do business with. The person that referred to this film said that in his point of view this film was comparable with what he experienced in Latin America, and it often reminded him to not concentrate only on business. It is important to emphasise that business does not depend solely on personal relationships in Brazil. The price and quality of your product is important and you also have to be a reliable customer. Some informants explained the reasons for the importance of personal relationship and contact as hinging on the need to establish trust.

The Brazilians often assumed that conducting business in Europe was more secure, because there you have a trustworthy legal system that makes things easier should a problem occur with your business. The Brazilian informants feared that going through the same procedure in the Brazilian legal system could take years and that you might not even get a fair treatment. Brazilian and Norwegian informants

seemed to agree in their general attitude that in Brazil there are many people who cannot be trusted. Many of the Brazilian informants had horror stories to tell about companies that had gotten into trouble with businesses partners. One Norwegian informant, with long experience from Brazil and Norway, explained it in the following way:

Both in Norway and in Brazil I guess the desire to break the law or to do something wrong is the same. It is just that in Norway they are more obedient because you have an effective system. So you get punished if you break the law. Brazil is larger and there are more people, therefore there is less possibility of getting an overview of what is happening. If you get caught, it can take a long time before your case will end up in court. So, I guess more people take the risk.

This statement is similar to what both Norwegian and Brazilian informants expressed in the interviews. They gave a more negative characteristic of the Brazilian legal system and “Brazilians”. According to the classical sociologists, modern society is associated with the development of a generalised morality founded on legal and other institutions that regulate people’s actions. Luhmann (1998: 104) holds that when there is a lack of confidence in the social institutions and systems at the macro level, people replace the confidence in the macro level with trust at the micro level. Negative stereotypes of the system, the bureaucratic, “capitalistic” enterprises and international corporations are not necessarily compatible with the positive experiences of individuals. Your bank gives you good service, your doctor, although state employed, has proven to be careful and considerate. If the rule of “contract” is not fully established the importance of networks of friendship (selective trust) may become particularly important (Harriss 2003: 758).

This can be compared to when Wolf and Hansen (1972:200ff) describe the importance of patron-client relationships or the use of personal relationships in public situations in Latin America. This phenomenon explains the importance of consolidation of what Wolf calls *personal fields*. He looks at how kinship, friendship

and personal connections are used as a defence against political and economic uncertainty (Wolf and Hansen 1972:200). According to them, this practice is common in all parts of society, although in different degrees (201). In the upper circles of the population kinship has more importance, and Wolf and Hansen claim that there can be established political blocs based on just such a thing. Wolf and Hansen (1972: 203f) state that this phenomenon, where personal relations are fundamental for social organisation, have consequences for larger social organisations like the state, military and private sector. One relates to one's personal friends because it is known that they can be trusted, or at least more so than any formal and impersonal bureaucratic rules. In the lower circles of the population, other strategies are used to consolidate one's *personal fields*. In a previous chapter we have seen how high inflations may influence how risk is considered and that in that given situation, market transaction is a much more uncertain affair than under stable economic conditions. Moreover, Pereira (2000) points out that in Brazil a tension exists between the formal constitutional and legal frameworks and the informal political practices that take place within them. He concludes that the ideas of equality of rights and the juridical equality of citizens do not exist in Brazil. One of the reasons why personal relationships become so important in Brazil may, due to the general perceptions in society, be that you cannot rely on the macrostructures. The telecommunication sector was mentioned as an area dominated by European and North American companies along with the fact that the market situation tended to be less dominated by personal contacts. For example, companies and authorities held impersonal bidding rounds with all the companies interested present, and the company with the highest offer would win the contract. It was emphasised that the telecommunication sector is also an area that is characterised by European and North American companies, and that the market in Brazil has confidence in these companies to perform well and be reliable.

Political traditions may provide an interesting comparison between the differences in social and cultural settings related to macrostructures. According to

Pamela G. Price (2000: 176) politics in Norway and Europe is in general governed by “the rules of game” and the manifestos of the various political parties. Even though, some politicians may gather a great crowd of supporters, the parties’ principles are seldom disregarded. The programme of the political parties limits the actions of the politicians during and after an election. For comparison, Eakin (1998: 165) characterises politics in Brazil with the following words: “Pragmatism, elitism, personalism, clientism and centralism”. In Brazil you find regional differences in political tradition and the ways that the politicians gain electoral support, such as in the Northeast which has a much stronger tradition of elitism and clientism than many other parts of the country. William B. Nylen (2000) finds that only the PT (The Workers Party) among the large parties comes close to a political party based on ideological principles and formal democracy. Many politicians are motivated by personal gain, and along with the party system the state still remains a vast patronage system that rewards the privileged few (Eakin 1998: 165).

### **NEGOTIATION - NOT ONLY TO ESTABLISH THE BUSINESS TERMS**

Negotiations are an important element of market transactions. A Norwegian manager, who works in one of the largest Norwegian corporations established in Brazil, characterised her experience with negotiations in Brazil as follows:

When our company initiates negotiations, our offer is based on what we think would be a fair price or deal. We, on the other hand, experience that many Brazilians start off on a level far from reality. Consequently, this leaves our company with little space for negotiations in Brazil.

The Norwegian informant seems to indicate that the company she works for aims to give an offer that they find fair and thereby seem trustworthy towards their counterpart. The Brazilian informants in general describe the Norwegians they encountered as more straightforward in negotiations and as leaving little room for bargaining compared to what is common in Brazil. The Brazilian informants held that it was common practice in Brazil to

give estimates, which invariably allows for a great deal of negotiations. Subsequently, negotiations in Brazil often take considerable time. To the Brazilian informants who worked in Rio de Janeiro and São Paulo, a direct approach in negotiations is specifically associated with American and European companies. The sectors that cooperate extensively with Western companies are, according to these Brazilian informants, more used to a direct approach. Thus, some of the Brazilian informants believed that Brazilians who did not have experience with Western companies would probably judge a direct approach as lack of flexibility and a sign that you are unwilling to collaborate.

Another Norwegian informant, who had worked over several periods for one of the corporations involved in the oil industry, saw the following differences in approach between Norwegians and Brazilians:

Representatives from Norway have a tendency to accept the first alternatives that are presented. In Brazil it is important to negotiate. If not you may be considered naïve and stupid. You gain respect by performing well in negotiations.

The quote suggests that negotiations are not purely discussions on the terms of market transactions, but also a social process whereby trust and respect are gained. In negotiations the Norwegian informants experienced that the Brazilian negotiators frequently had to consult managers higher up in the organisational hierarchy. Several of the Norwegians I interviewed, all of whom had extensive experience in Brazil, stressed the importance of using certain “tricks”, for example to make negotiations seem more personal and to show that they are involving themselves personally in the business deal. One trick used by an informant was to tell his business contact that he would have to consult a manager, even though no manager would in fact be consulted. He would inform his counterpart that he would make such a good offer that he personally had to convince his manager that this would be a good deal for his company. Previously, I have argued that it is less common in Brazil to vest trust in the social characteristics and institutions. The establishment of trust in

business tends to be a result of a process where the actors foster personal loyalties. Harriss (2003: 769) also reaches the conclusion that low levels of trust in formal institutions provide the basis for selective trust. He claims that there is interplay of habits of thought and practice with formal institutions. As selective trust seems to be important in certain business sectors in Brazil, negotiations can be seen as a part of a process; not only are the terms of the contract and the business transaction negotiated, but the parties' trust and business skills are also tested.

### **THE DISTINCTION BETWEEN PROFESSIONAL AND PRIVATE LIFE**

I started this chapter by referring to some changes invoked by modernity and the integral distinction between private and public spheres. The spheres are associated with certain qualities which somewhat coincide with differences in personnel, time, space and sociality (Sørhaug 1996: 117). On the one hand there is the private sphere which is associated with intimacy, home, emotions, family and love. The public sphere, on the other hand, is associated with the street, objectivity, sense, organisation and work. I have previously shown how the Norwegian experience that personal relationships are more on the forefront in Brazil than in Norway. The following section explores how Norwegian and Brazilian experience the distinction between the private and the professional.

Before commencing fieldwork I had the opportunity of discussing identity with a Brazilian engineer working in Norway. He had spent most of his professional career working outside Brazil and was currently working in Oslo. He said that he did not feel like a Brazilian concerning work, but in his spare time he felt Brazilian. He explained this by saying that Brazilians talk much more about private issues during work, but he liked to concentrate on professional issues during working hours. However, in his spare time he hung around with Brazilian friends and often preferred to socialise with Brazilians. Many of the Norwegian managers expressed dissatisfaction with the Brazilian employees and their performance at work, arguing

that they did not work efficiently. However, I also spoke with managers who were of another opinion and expressed that they were impressed by the performance of Brazilian employees. All stressed the importance of functioning efficiently at work. The following statement was given by Gunnar Nilsen who worked in the oil sector in Rio.

In Norway you are more together with your friends and family. Here (in Brazil) it is common to have *churrasco* (barbeque) and other social activities with your business partners and colleagues in the weekends. This goes much further than professional relations and is more of a private relation.

Gunnar Nilsen seems to indicate that in Norway there is sharper distinction between the time you spend socialising with your business partners and your professional relations than there is in Brazil.

I interviewed a Norwegian businessman, Truls Sæther, who had worked in Brazil for several years, but who had since returned to Norway. I also interviewed him when he was back in Brazil to work for a short period. Truls Sæther explained that in addition to a more personal approach in relation to clients, he had closer contact with the employees in his office:

You do not only have more personal contact with your customers, but also with your co-workers. Here (in Brazil) you know more about your co-workers, and the employees in the office are more social. You get more involved in the important events of the other employees like their birthdays, weddings and so on.

Most of the Norwegian informants described business in Brazil compared to Norway as being much more of a mixture between private and business life. This implies that business in Brazil involves much more of the private sphere than in Norway, both when it comes to the choice of business partners and the topics that are discussed when they do business. In the Brazilian setting it is common to have more dinners and social gatherings, while some of these activities taking place in Brazilian business

would be more in line with what the Norwegians consider spare time or private life. DaMatta (1991) finds that the categories “private” and “public” in Brazil are more blended into each other, compared to the distinction made in theories about modernity.

I interviewed some Brazilians who had working experience from Norway. These informants pointed out that in Norway working hours are more strictly obeyed than in Brazil. In Norway, people work fewer hours than in Brazil and promptly leave the office when working hours are over, around four or five o'clock. Some Brazilians who had worked in Norway told me that they were sometimes the last people to leave the office, or they were working together with other international people who were accustomed to working longer than the ordinary working hours. Another Brazilian informant, who works in a Norwegian company in Brazil, has been shocked when she has called the head office in Norway to ask for help at the end of a Norwegian working day. On several occasions she had ask for help, but her Norwegian colleagues had suggested calling back the next day since it was only 5 minutes before the person would leave work. She explained that in the beginning she considered this response impolite, but that she had since realised that it was common practice in Norway. A Brazilian woman who had worked for several Norwegian companies spoke about the importance placed on employing people with families. She found that in Norway and in the Norwegian organisations in Brazil, children where considered legitimate excuses for leaving work early or not coming in at all. However, she argued that when she worked in other companies in Brazil she would try to avoid this. In Brazil it is common for most families with a reasonable income to have a housemaid who can take care of your kids, make dinner and do the housework, while in Norway it is common to have to do the housework after work. Most parents are themselves responsible for picking up their children from kindergarten before it closes. In Norway, the state provides for many of the important needs like health care and education (private schools and universities),

whereas in Brazil, the employees are dependent on their salaries to gain access to services which have come to be taken for granted in Norway.

The Norwegian informants seemed to draw a sharper line between private and professional life, both in relation to time spent at work and in relation to the contact they have with business contacts. Above, a Norwegian informant described business relationships in Brazil *almost as a private relation*. Paine (1968) writes about middle class friendship in Western society. He argues that friendship is associated with intimacy, and he contrasts it to other forms of social relationships, like task-based professional relationships. It follows that professional relationships involve the notion of playing professional roles. Most of the Norwegian informants claimed to spend more time with Brazilian business contacts, for instance during weekends, which seem to be associated with the private sphere. In addition, the joint activities with Brazilian business colleagues, such as barbeques at your business client's private house, are beyond what is associated with the role of professionals. Some of the time and the activities the Norwegians spent with Brazilian business clients are associated with intimacy and private relationships, thus the professional relationships in Brazil seem to blur with private relationships.

## CONCLUDING REMARKS

In this chapter I have criticised the utilitarian assumptions of the market made by classical economists. I have explored business transactions as embedded in social and cultural practices and subject to different moral evaluations. I found that overall the Norwegian informants tended to emphasise the importance of personal relationship in Brazil as a decisive factor influencing their ability to conduct market transaction, except in certain sectors. They stress that personal relationships may be important in Norway also, but personal relationships are used differently in Norway and Brazil. The Brazilian informants tended to emphasise the need to know the persons involved in business transactions. This may indicate that the distinction Giddens

makes between traditional and modern society regarding how modern society has developed trust in abstract systems may be overstated. I have indicated that regarding the low level of trust in the macrostructures in Brazil, may attempt to replace this lack of trust by establishing trust on a personal level. The categories of private and professional spheres seem to be perceived as more overlapping in Brazil than in Norway. The Norwegians in general seemed to construct a stricter definition of the private and the professional spheres. If the line between these two spheres is blurred, the situation might more easily entail a form of pollution of the market transactions for the Norwegian than the Brazilians.

## CONCLUSION

In Part II, I have shown how the current Norwegian owners of Adubos Trevo introduced new management techniques. The changes which I have described taking place in Adubos Trevo seem to reflect an alteration in the top-management from a personal authoritarian style of management to what can be compared to Giddens' term *disembedding processes*. Of disembedding he says: "I mean the 'lifting out' of social relations from local context of interaction and their structuring across indefinite spans of time-space" (1990: 21). I have described a shift to a system leaning on management principles. This also implies a shift from hierarchical control-compliance, embedded in personalised relationships that secure legitimacy, to a "trust-based organisation" involving the delegation of responsibility and participation. The management principles introduced exemplify a disciplinary power where trust is more rooted in the system and less in the person, which is different from previous practice. This process is similar to what Giddens terms faceless commitments, which imply a development of reliance on expert systems. The way in which a company is managed is changing into a way that can be described as "a locally-situated expression of distanced relation" (Giddens in Garsten 1994: 109).

Both Hydro's acquisition of Adubos Trevo and the Norwegian managers are creating a new normality and setting new standards for the Brazilian employees in Norwegian companies. The limited research conducted in this thesis may indicate that the employees of Adubos Trevo to a large extent have adjusted to the management techniques introduced by the new owners and management. However, some employees have indicated that not all employees necessarily follow as the new management intended. Furthermore, some of the employees pointed out that the practices introduced by new owners in some areas need to be adjusted to local practices, needs and concerns. Some of the local employees were concerned that laws, rules and principles are employed without considering local knowledge and

social practices, failing to take into consideration local diversity and relevance of particularity. The interviews I conducted in other Norwegian companies in Brazil indicate that some of them have been less successful in acquiring local organisations. The takeover of Adubos Trevo was considered to be one of the most successful takeovers in the Hydro system. The success was explained largely by the fact that Hydro employed managers who were familiar with both Hydro and Adubos Trevo. In addition, the leaders involved from Hydro knew Brazil and Latin America, and stressed to the employees during the acquisition processes the importance of learning from each company and culture.

### **ENCOUNTERING A NEW CONTEXT**

When interacting with people with different social practices one becomes aware of both one's own and others' social rules and values. Just as the Brazilian employees see flexibility as a Brazilian value and are contrasted to Hydro's practice, the Norwegian managers define their leadership style in contrast to the Brazilian leadership practice. I found that most of the Norwegian managers find "the Norwegian leadership style" the best way of practicing leadership. The Brazilian leadership style is considered to be more authoritarian than the Norwegian, and few of the Norwegian managers seemed to be willing to adjust their own practice. The Norwegians, as owners and managers, are in a position where they can define the use of management techniques and practices in the companies where they are in command. However, whenever Norwegians engage with customers in Brazil, they are not in a position to define the situation and therefore have to adapt to local practices and demands in order to sell their products.

In exploring the interaction between people with different backgrounds, I have argued against the perception of culture as it is postulated by Hofstede (2001), Trompenaars and Hampden-Turner (1997). In the present study I have argued that business practices are embedded in the local context. Thus, in order to understand the differences encountered by

the Norwegian and Brazilian business people I have demonstrated the importance of placing the practices in a cultural, historic and economic context. Thus, quantitative studies and universalistic assumptions of cultural differences fail to achieve a fruitful understanding of the contextual variations. Anthropology advocates the importance of participatory observation in order to get “the native point of view”.

### **THE EMBEDDEDNESS OF RISK, TRUST AND MARKET EXCHANGE**

Giddens’ theory makes some universalistic assumptions about modern society without considering contextual variations. Argyrou (2003) and Kolshus (2005) have argued that we need to go beyond the classification of a phenomenon as traditional or modern in order to understand the social and cultural variations. I have indicated that Giddens’ strong separation between the characteristics of traditional and modern society does not give a fruitful understanding of modern society. As I have indicated above, there certainly are some similarities in this development as the world is adopting the same knowledge and technology. However, the modern cannot be grasped as a whole. I have pointed to how the perception of risk and trust are also embedded in the particular local contexts in which the actors operate. The informants point to the importance of personal relationships establishing trust in market exchange, both in Norway and Brazil. Nevertheless, personal relationships are considered more central in Brazil than in Norway. I have indicated that trust related to market exchange is embedded in the local context. This becomes especially visible in Brazil because of the lack of trust in institutions and the monetary system. I find that Giddens’ idea of faceless commitment in market exchange presupposes a strong state and an economy where modern institutions work according to the intention. I argue that risk and trust is subject to a great deal of variations dependent on the local context that has to be understood historically, culturally and economically. When trust and risk is perceived differently this affects the strategies and techniques of gaining trust and avoiding risk.

Classic economic theory presupposes rational actors, where buyers maximise utility by buying the product with the best price and quality. This study points to the importance of informal processes in the economy, and that economic behaviour is socially and culturally embedded. Both the Norwegian and Brazilian informants emphasise that personal contact is important in business, and I indicate that the level of personal contact takes a different form in Norway than in Brazil. When engaging in market transactions, it is not only the formal measures such as price and quality that are factors. Rather, factors such as human chemistry and the judgment on the trustworthiness of the people and company are in question as well. I found that in a society like Brazil, which is marked by a lack of confidence in the macro systems, personal relationship and trust are often vital for engaging in certain business transactions. Development of personal relationships might be a strategy to reduce the risk, since strong personal bonds to suppliers or customers can increase loyalty. Informal processes such as how personal relationships are developed and applied in business could both be interesting topics for further studies. Such studies may provide us with additional understanding of how decisions are reached in business and affect our assumptions about economic behaviour as rational.

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