

# BRAZILIAN EDUCATIONAL MARKET

Exporting Finnish educational concepts to an exotic  
country

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Työn nimi BRASILIAN KOULUTUSMARKKINAT: Suomalaisten koulutuskonseptien vienti eksoottiseen maahan		
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Tiivistelmä <p>Markkinaselvitys on tehty Brasilian koulutusmarkkinoista, erityisesti São Paulon alueesta. Työ on tarkoitettu EduCluster Networkille, joka koostuu Keski-Suomalaisista yrityksistä, jotka vievät koulutusmetodeita ulkomaille. Selvitys antaa yleiskuvan markkinasta ja sen toiminnasta sekä käy läpi löydöksiä markkinasta SWOT-analyysin muodossa: vahvuudet, heikkoudet, mahdollisuudet, uhat. Työn tavoite on tuottaa perustietoa madaltaaksemme ensimmäistä kynnystä laajentumiselle. Työn tiedonkeruu on tehty pääasiallisesti haastattelemalla eri rooleissa toimivia brasilialaisia toimijoita.</p> <p>Brasilia on koulutukseltaan epätasa-arvoinen maa, jossa koulutuksesta on tullut bisnestä. Maailmanlaajuisesti merkityksellisyyttä luovat Brasilian erittäin kunnianhimoiset tavoitteet parantaa yhteiskuntansa peruskiveä, koulutusta. Suuret investoinnit luovat suuria mahdollisuuksia myös suomalaiselle, innovatiiviselle toimijalle. Samaan aikaan uhkiin suomalaiselle toimijalle toimia markkinoilla kuuluvat verotuksen ja lainsäädännön monimutkaisuus Brasiliassa, myyntityön hitaus ja monimutkaisuus, hierarkia sekä suhteiden rakentamisen vaivannäkö työtilanteissa.</p> <p>Löydökset tuovat esiin monia kulttuurieroja sekä eksotiikkoja markkinasta, mutta samaan aikaan listataan monia mahdollisuuksia erilaisille organisaatioille laajentua Brasilian koulutusmarkkinolle. Brasilia tarvitsee suomalaisten erilaisia koulutusratkaisuja- ja innovaatioita. Suomalaisten yritysten on myös näytettävä paikallisilta sekä tehtävä paljon ylimääräistä työtä päästäkseen sisään ja oppiakseen toimimaan oikein brasilialaisessa kulttuurissa. Suomalaisten on osoitettava asiakkailleen, että he ovat brasilialaisen kulttuurin asiantuntijoita.</p> <p>Työn loppupäätelmillä pyritään rakenteellistamaan Brasilian markkinoille tarvittavia asioita sekä kannustamaan yrityksiä toimimaan nyt, kun tilanne on kuumimmillaan. Loppupäätelmät koostuvat Monkey Business- yrityksen neljästä askeleesta menestykseen suomalaisella yrityksellä Brasiliassa, Hyvä – Kiinnostava- teoriasta sekä teoriasta teorioiden yhteistuotannosta asiakkaan kanssa Brasiliassa, jonka viimeinen askel on läpimurto.</p>		
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Abstract <p>The market study has been made about the educational market in Brazil, especially in São Paulo area. The study has been made for the EduCluster Network, which is consisted of companies from Central Finland who export educational methods abroad. The study gives an overview of the market and its functions as well as presents findings of the market in the form of SWOT analysis: strengths, weaknesses, possibilities and threats. The purpose of the study is to produce basic information to lower the first barrier for expansion. Collecting information has been completed mainly by interviewing Brazilians working in different positions.</p> <p>Brazil is unequal of its education, and in Brazil, education has become business. Brazil's very ambitious goals of improving the basis of the society, the education, give international meaning. Big investments give big opportunities for a Finnish, innovative participant. At the same time a threat for a Finn to engage in the field is the complexity of laws and taxation in Brazil as well as the slowness and the complexity of sales work, hierarchy and the effort needed for building relations.</p> <p>The findings bring out many cultural differences in the market, but at the same time list many possibilities for different kind of organizations to expand to the Brazilian educational market. Brazil needs different educational solutions and innovations from Finland. The Finnish companies have to seem local and to do a lot of extra work to get in and to learn how to act right in the Brazilian culture. The Finns need to show their clients that they are experts on the Brazilian culture.</p> <p>The final conclusions aim at structuring the needed things in the Brazilian market and encouraging companies to act now when the situation is at its hottest. The conclusions consist of Monkey Business' four steps to success as a foreign company in Brazil, the Good – Interesting theory and a theory on co-creation together with the client in Brazil.</p>		
Keywords Education, Finland, Brazil, exportation, Latin America, university, learning, methods		
Miscellaneous		

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# 1 INTRODUCTION

## 1.1 Purpose and background of the study

### **Brazilian economy – Finland – Brazil connection**

The interest in the Brazilian market within Finnish companies and the public sector has been growing fast in the past few years. One reason for this is the current significant economic growth in Brazil (Pitkänen & Laurinen 2012). Brazil has grown a lot during the past few years, and is now the world's 7<sup>th</sup> biggest economy measured by the gross domestic product - GDP. (CIA 2012c) Brazil is also a country that is strongly developing still on the educational side and many people admit this fact (Novais 2011a; Nakashima 2012; Mitraud 2012). The potential in the educational sector in Brazil for Finnish companies to work in is great (Foguel 2012).

In February 2012, a delegation of the Prime Minister of Finland Jyrki Katainen and the Minister for European Affairs and Foreign Trade of Finland Alexander Stubb, visited Brazil. The delegation consisted of companies in the areas of Maritime and Offshore Technologies and Biomass based Businesses: Bioenergy, Bio-fuel Materials, Chemicals, Logistics, IT, Research and Education. There were also companies of the areas of ICT and Mining and Mining Technology. The purpose of the visit was to increase the bilateral relations of Finland and Brazil both on the high political level and on the company business level. The delegation met e.g. the Brazilian president Ms Dilma Rousseff. The interest in the areas mentioned above in between the countries has been growing in large scales for the past years. Would it be time for the education and services? (FinPro ry 2011; Lyytinen 2012b.)

### **From an idea to a research**

Mr. Melkko and Ms. Kääriäinen from *Monkey Business*, have been building an educational project in São Paulo city, Brazil, based on a Finnish educational concept *Tiimiakatemia* since 2009 together with *Partus Oy* and *Senac São Paulo* –

Serviço Nacional De Aprendizagem Comercial – National Service of Commercial Learning. We have gained language skills and experience of process building and administrative work in Brazil. Currently Melkko and Kääriäinen are aiming at establishing a Yellow Office of Monkey Business in Brazil, starting from the beginning of 2013.

During the process in Brazil, Melkko and Kääriäinen have felt that there is room and demand for more skills and experience in the educational field. They have noticed that Finland has not been exporting education to Brazil in the public sector, and there is no research done on it by the Finns (Landin & Horttanainen 2011). Some private companies have also opened businesses in Brazil, and those projects have involved a lot of education, but that kind of research is private and confidential (Niitamo 2011).

### **Purpose of the study**

The purpose of this research is to give an overview of the Brazilian education market for opening possibilities for various education export projects to be created between Brazil and Finland, considering especially the clients of this research.

The client of this study is the *EduCluster Finland Network* – a network of companies who export education, based in Central Finland (Tokila & Gustafsson 2012).

On May 28 2012, the EduCluster Finland Network is going to organize a Latin American Education Market Workshop. This research is going to be published there as a pre-study of the Brazilian market. Melkko and Kääriäinen are going share their experiences of Brazil, and experts from Brazil, Argentina and Chile are going share their expertise on the market. The goal of the event, as of this study, is to share basic knowledge to make it easier for the partner companies to start doing business in Brazil and Latin America. Another goal is also to make some connections in order to help them in their first steps (Monkey Business 2012).

## **Monkey Business & Tiimiakatemia**

Monkey Business is a yellow design office for learning. Monkey Business' mission is to make the world more yellow. The company believes that interaction is the critical success factor and a source of creativity. Monkey Business helps organizations to innovate and to solve wicked problems. More action. More chaos. More mistakes. More learning. Practically looking, Monkey Business works with companies and educational institutes on team coaching processes to improve interaction and teamwork, removing barriers of dialogue, bringing concepts of entrepreneurship and intrapreneurship. (Monkey Business 2011.)

*Tiimiakatemia is the Entrepreneurship Centre of Excellence of the JAMK University of Applied Sciences in Jyväskylä, Finland. Tiimiakatemia students run their own cooperative businesses and once they have graduated, they embark on a trip around the world with the money made in their businesses during their studies.*

(Tiimiakatemia & JAMK 2012.)

- *91 % of students were employed within 6 months after graduation in 2009.*
- *37 % of students were employed as entrepreneurs within 6 months after graduation in 2009. 47 % of students were employed as entrepreneurs after 2 years of graduation.*
- *54 % of students were employed as employees ("non-entrepreneurs") within 6 months after graduation in 2009.*
- *There are 12 team companies in Tiimiakatemia in winter 2011 plus one (1).*
- *The combined turnover of all team companies operating in Tiimiakatemia in 2010, excluding internal money transfers between the companies, was 1,8 million €. Expected revenue for 2011 is 2,0 million €.*
- *The number of completed projects in Tiimiakatemia in 2010 was 200.*
- *An average project turnover in 2010 was 9 000 € per project.*

(Jukka Hassinen 2011.)



## 1.2 Research questions

The research questions of this study, formed together with the client, clarifying the Brazilian educational field for a Finnish participant are the following:

1. What kind of information is it good to know about the Brazilian education market and environment when going there as a foreign / Finnish actor?
2. How are foreign educational concepts bought in São Paulo area?
  - a. What kind of chargeable education services the foreign service providers offer for universities or for companies in Brazilian markets?
  - b. What kind of foreign education providers (public or private) are currently in the market?
  - c. Which prerequisites have to be met by foreign education service provider in order to be allowed to provide education services in Brazil?

The study will be mostly about the São Paulo area and state, because the area is still considered the most potential for business growth and culture. (Novais 2011c; Santoro 2012). Still, there are findings from Rio de Janeiro and from Northern Brazil that can be found interesting.

## 1.3 Research method

A qualitative method was chosen for this study because it seemed that the clients needed information based on personal experiences and views of the market of the people interviewed. The method was also chosen for the clients to be able to understand deeper meanings behind the market, the country and the culture. Things behind these three dimensions and the subjective data always connected to them were considered too complex to be studied in a quantitative research (Eskola & Suoranta 1998, 16, 25).

## **Interviews**

The basis of the study is the interviews made. The interviews were selected as the main source of information to be able to go deeper into the processes that the study is describing. The other purpose of the interviews was to offer the clients a personal touch that no other market research provider in the market could provide easily. Interviewees were selected as versatile as possible by collecting researcher's existing connections and by researching new ones.

Most of the interviews were recorded on tape and transcribed to the appendices of this research. The interviews made with Mr. Foguel and Mr. Mitraud were completed in Portuguese. They have been transcribed and translated into English with the closest meaning and as close to meaning and style of saying as possible with researcher's professional working level of Portuguese and a dictionary. Therefore, there is a risk of some small misunderstandings of difficult meanings, slang or in some other way culturally connected meanings, and it might affect the results to some extent. The researcher having already intermediate experience of the working environments and dialogues in Portuguese the risk is considered minimal. Having a professional translation was not financially possible, and the interviewees' skills in these cases were not good enough for a quality interview. The names of the organizations presented in the study have also been translated, to make it easier for the reader to understand their purpose and connections.

## **Theme interviews**

As interview method theme interviews was selected. This is because the intent was to keep the interview situation as relaxed, informal and interactive as possible for the interviewee to be able to get deeper in the answers. Another reason for selecting theme interviews was that every interviewee's experience and role in the knowledge pool of this study was unique, and this was used as an advantage by diversifying every interview a little bit. Theme interviews made it more widely possible for the interviewee to present individual analysis in the interview (Eskola & Suoranta 1998, 89). The themes pre-selected for all the interviews were:

- Strengths of the educational market in Brazil – what is great in the market?
- Weaknesses – what is not so great in the market?
- Opportunities for a Finnish company in the market
- Learning inside the companies – how is it supported?
- What kind of educational services do companies buy?
- Environment as a possibility / threat to a foreign company
- Other foreign companies in the field – what can we learn from them?
- Limits and rules of entering the market as a foreign company
- Cultural differences

#### **1.4 Theory basis**

The material and the results are inspected through the **SWOT analysis**. The SWOT was selected as it is a very simple tool of examining what a foreign actor should know about a market from the business point of view. It was originally a client's wish to use SWOT as the structure. SWOT creates a good structure of knowledge needed for application in practice. Here is how SWOT analysis goes:

##### **Strengths:**

- What advantages do there lie?
- What is done better than anyone else?

##### **Weaknesses:**

- What could be improved?
- What should we avoid?

##### **Opportunities:**

- What good opportunities can we spot?
- What interesting trends should we be aware of?

##### **Threats:**

- What obstacles might we face?

- What are the competitors doing?

(MindTools.com 2011.)

## 2 EXPORT OF EDUCATION

### 2.1 Significance of exporting Finnish educational concepts

*The Finnish open education system has gained a great deal of interest and respect in the international field. The success in international studies about the productivity of education, such as PISA, has led to plenty of interest in exporting Finnish educational processes abroad. However, the resources or products of Finnish education do not meet the existing demand at the moment and therefore we need to discover new innovations on exporting Finnish educational processes abroad. (Suomen koulutusvientistrategia 2010)*

*Nevertheless, there is ongoing research and a reform of the higher education system in Finland striving for developing internationality in education. Furthermore, the goal of the Finnish export of education is to offer multiple solutions for the customers, instead of individual products or services. (Suomen koulutusvientistrategia 2010)*

(Tuominiemi & Kolehmainen 2010, 6 – 7.)

As a conclusion it can be said that the Finnish have many things to offer countries like Brazil. Our understanding of the meaning of partnerships is one of our greatest benefits. (Palander 2012) Finland needs export of education in search for new success receipts for the international competitiveness of Finland.

### 2.2 Bringing Finnish educational concepts to abroad

*Export education is a part of the world trade in services. The Finnish education export strategy deals with the export of education as a platform unifying the various sectors engaged in a number of different domains. "Export" refers to the fact that business customers in the export of education may be individuals, private or public sector representatives or organizations abroad. Education itself does not need to take place abroad. (Suomen koulutusvientistrategia 2010)*

(Tuominiemi & Kolehmainen 2010, 7.)

The benefit of a Finnish education exporter, compared to an American one, is the readiness for co-creation. The American style is to have a ready made concept, which they sell to the destination market pretty much as it is. Soon after the deal they leave the client with the product he or she has bought. Finnish actors on the other hand work more on the methodological side and services, which are individually modified by every customer, their need as an organization as well as the cultural needs of their country. The service is usually developed, the Finnish actor on the side, for years together to make sure it sticks. (Palander 2012) This leads to conclusion that the Finnish way of exporting is harder to sell and produce but, when successful might create more long-term changes and results.

### **Exporting education to Brazil**

Brazil is strongly hovering international educational concepts. It seems they want to achieve success by copying other successful concepts from abroad (Lyytinen 2012a). Brazil is in a great need to improve the equality and methodology of the education. (Nakashima 2012; Novais 2011a) The Finnish providers could be strong in providing this to Brazil.

## **3 BRAZIL**

### **3.1 Overview of Brazil**

**Figure 1. The map of Brazil**



### **The land of two sides**

Brazil is one of most beautiful and attractive countries full of natural wonders for all kinds of visitors. It is also a very huge country, full of varieties and different cultures built in. On the other hand, it is a country strongly in a development process e.g. in the areas of equality, education and safety. Very roughly, polarized, Brazil can be seen as two different countries: The modern, urban, upper class and strongly influenced by western culture. The other Brazil is rural, traditional lower class and non-westernized. The modern part is classically stated to be in the Southern parts, the states of São Paulo, Santa Catarina, Paraná, Rio Grande do Sul, Rio de Janeiro. The other Brazil is roughly the rest of the country, especially the North and the Northeast. So, you could call Brazil a country of thousand varieties. (Lonely Planet 2012; Novais 2011a; Novais 2011b; Novais 2011c.)

### **Inequality**

One of the biggest challenges of Brazil in general is the huge differences of income (Novais 2001b). The middle class is more non-existing when you go to the North of the country. The poor are very poor, rich are very rich. (Lonely Planet 2007, 272.) Still, you can see the poverty in its clearest form in big cities. There it creates *favelas* - slums and violence. In big cities the Favelas give many problems, although the most violent cities are in in the North and Middle of the country: Maceió, Belém, Vitória, Salvador. (Global Footprints 2009; Vassigh 2012.)

Though, there is still a lot of light at the other side of the tunnel. According to Ms Dilma Rousseff, the President of Brazil, between 2003 and 2011, 40 million Brazilians moved out of poverty and into the middle class, with access to health, education, credit and formal employment. The economy in general is in great rising. (Bertelsmann Future Challenges 2012; CIA 2011a.)

### 3.2 Brazil in numbers

**Population:** 205 716 890 (July 2012 est.) – the fifth biggest country of the world

**Area:** 8 514 877 sq km – the fifth largest country of the world

**Population growth rate:** 1,102 %

**Capital:** Brasília

**Urbanization:** Urban population 87 % of total population (2010)

**Major cities:** São Paulo 19 960 000; Rio de Janeiro 11 836 000; Belo Horizonte: 5 736 000; Porto Alegre 4 034 000; Brasília: 3 789 000 (2009)

**Ethnic groups:** white 53,7 %, mulatto (mixed white and black) 38,5 %, black 6,2 %, other (includes Japanese, Arab, Amerindian) 0,9 %, unspecified 0,7 % (2000 census)

**Religions:** Roman Catholic (nominal) 73,6 %, Protestant 15,4 %, Spiritualist 1,3 %, Bantu/voodoo 0,3 %, other 1,8 %, unspecified 0,2 %, none 7,4 % (2000 census)

**Life expectancy at birth** (*comparison: Finland*): total population: 72,79 years (79,41); male: 69,24 years (75,94); female: 76,53 (83,02)

**Sanitation facility access:** All areas: 80% of population

#### **Literacy:**

*Almost 10% of the Brazilian population is completely illiterate, which means that they are incapable of recognizing words or making meaning out of simple sentences and 68% of the population is functionally illiterate. If we add these percentages, we will get to stunning 78%, which corresponds to 150.053.666 Brazilians who are unable of reading a text like this one (in Portuguese, of course) and making any meaning out of it.*

**School life expectancy** (primary to tertiary education): Total 14 years (2008)

Unemployment, youth ages 15-24:

**Education expenditures:** 5 % of GDP (2007) – country comparison to the world: 59<sup>th</sup>

(CIA 2012a; CIA 2012b; Novais 2011a.)

### **3.3 Economy and business**

In the 1990's, Brazil's economy experienced a very unstable period full of inflation and volatile exchange rates. A lot was asked of the companies that time. The strongest companies survived and secured the future economical successes. (Sull & Escobari 2005, 2.)

In the last few years, the Brazilian economy has been growing a lot. In 2009, it was the first emerging market to begin the recovery after the global economic crises. At the end of last year, in 2011, it even overtook United Kingdom as the sixth largest economy in the world, standing currently at the seventh place of the biggest economies measured by GDP. (CIA 2012a; BBC 2011.)

Most business is concentrated in the southern parts, especially in the cities of São Paulo, Rio de Janeiro, Porto Alegre and Curitiba, São Paulo and Rio being the top two strongest cities in the country. São Paulo is the financial and cultural center, really strong e.g. on banking and all kinds of services and innovation culture. Rio, on the other hand is packed with e.g. oil companies and maritime industry. (Fin-Pro ry 2011; Novais 2011d; Santoro 2012.)

### **3.4 Overview of the culture and business culture**

#### **Nature of Brazilian people**

The stereotype of Brazilians is samba, never stopping parties, the carnival and happy people. The image is not completely incorrect, Brazilians can party hard many times. (Nakashima 2012) They are also usually very happy people, welcoming and ready to receive visitors. Brazilians are also natural in making unofficial connections all the time – in the free time you often hear them talking about



their network and sharing ideas of how to expand them even more. (Mitraud, 2012.)

Brazilians are masters of not following public rules as well as rules concerning them. They do this in traffic, in parking lots, in shopping malls, in public events, everywhere. On the other hand, a Brazilian is very flexible, often persistent and searches for solutions almost endlessly. This is because Brazilians are used to the fact that everything does not always work as it should. They are very used to unstable financial times where you have very little to trust in. (Mello 2012; Mitraud 2012.) So, it seems, a stereotypical Brazilian is one's best and most trusted friend, but a very bad citizen.

### **Corruption**

This flexibility as its worst, results, combined with other things, in corruption, which has been and still is a major problem in Brazil. In 2010 it was estimated that 2 % of the GDP of Brazil was disappearing in corruption. (Fujikawa Nes 2011.) Corruption used to be a *tabu*, nowadays it is very visible in many medias and different movies. Still, the real depth of it is always a mystery. Corruption can be found at every level: politicians, policemen and other officials in public or private position. Still, Brazil is a democratic country, so basically one cannot consider this issue to be more than a problem of the whole nation. (Fujikawa Nes 2011)

### **Business culture**

For a foreigner – a Finn – to work in the Brazilian business it is absolutely necessary to know the Brazilian business culture and how Brazilians do business. Some things you can learn by reading about it, some you have to experience and learn in practice. (Nakashima 2012; Novais 2011c.)

For a Finnish person it can be shocking to see what schools and offices look like in Brazil. According to Henna Kääriäinen (2012), the offices and schools look very sterile, like hospitals. Such an environment can be radically different than what you are used to in Finland, and of course it mentally affects you. The effect of a psychical space or working space can be radical. (Pirhonen 2009, 79) The

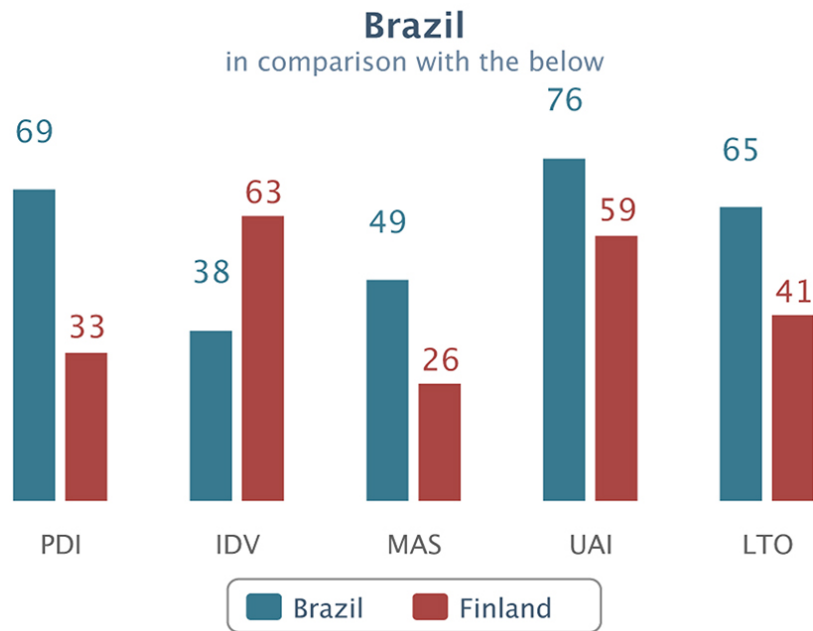
space can support and create thinking and spirit of mind. (Pirhonen 2009, 79) So a small, sterile space can make you feel quite small, as a big and inspiring space can literally make you inspired.

### **Sense of hierarchy**

For a Finnish person, what might strike at first, is the size and scale of business. The big corporations and universities have dozens of thousands of employees and students. So the scale is huge. As a salesperson you should remember the challenge of hierarchy in big organizations. Managers and especially directors are often quite invisible and far from the employee's point of view. If you want to discuss with a director you have go through a lot of bureaucracy and you have to have a serious reason for that. Then, if the employee has that kind of reason, for example a suggestion, she / he needs to be very well prepared. Mostly suggestions and new projects are dealt with very well prepared presentations, and before that, depending of the level of the director, the proposal has to be circulated and approved by certain majority of managers and directors. This is the case in many organizations. Some companies even use money to hire externals to do a good-looking presentation used internally to convince directors. (Novais 2011c; Kääriäinen 2012.)

Thus, as a salesman of services or products, you usually start the process from the employee or managerial level, because directors are quite blocked by the hierarchy. Once you have got the first level convinced of your product you can proceed together with the people or with the help of the people one has already convinced. (Nakashima 2012.) This step often takes time, and the answer might always be no. No might be the answer, especially if one is not able to either be present, or supportive by giving pressure and good motivational materials for this convincing process.

Figure 2. Brazilian working culture (Hofstede & Hofstede & Minkov 2010.)



### What about Brazil?

If we explore Brazil's culture through the lens of the 5-D Model, we can get a good overview of the deep drivers of Brazilian culture relative to other world cultures.

#### Power distance

This dimension deals with the fact that all individuals in societies are not equal – it expresses the attitude of the culture towards these inequalities amongst us.

Power distance is defined as *the extent to which the less powerful members of institutions and organisations within a country expect and accept that power is distributed unequally*.

At a score of 69 Brazil reflects a society that believes hierarchy should be respected and inequalities amongst people are acceptable. The different distribution of power justifies the fact that power holders have more benefits than the less powerful in society. In Brazil it is important to show respect to the elderly (and children take care for their elderly parents). In companies there is one boss who takes complete responsibility. Status symbols of power are very important in order to indicate social position and "communicate" the respect that could be shown.

#### Individualism

The fundamental issue addressed by this dimension is *the degree of interdependence a society maintains among its members*. It has to do with whether people's self-image is defined in terms of "I" or "We".

In Individualist societies people are supposed to look after themselves and their direct family only. In Collectivist societies people belong to 'in groups' that take care of them in exchange for loyalty.

Brazil has a score of 38 which means that in this country people from birth onwards are integrated into strong, cohesive groups (especially represented by the extended family; including uncles, aunts, grandparents and cousins) which continues protecting its members in exchange for loyalty. This is an important aspect in the working environment too, where for instance an older and powerful member of

a family is expected to "help" a younger nephew to be hired for a job in his own company. In business it is important to build up trustworthy and long lasting relationships: a meeting usually starts with general conversations in order to get to know each other before doing business. The preferred communication style is context-rich, so people will often speak profusely and write in an elaborate fashion.

#### Masculinity / Femininity

A high score (masculine) on this dimension indicates that the society will be driven by competition, achievement and success, with success being defined by the winner / best in field – a value system that starts in school and continues throughout organisational behaviour.

A low score (feminine) on the dimension means that the dominant values in society are caring for others and quality of life. A feminine society is one where quality of life is the sign of success and standing out from the crowd is not admirable. *The fundamental issue here is what motivates people, wanting to be the best (masculine) or liking what you do (feminine)*.

Brazil scores 49 on this dimension, really in the middle. The softer aspects of culture such as leveling with others, consensus, sympathy for the underdog are valued and encouraged. Conflicts are avoided in private and work life and consensus at the end is important. Status is shown, but this comes more out of the high PDI.

#### Uncertainty avoidance

The dimension Uncertainty Avoidance has to do with the way that a society deals with the fact that the future can never be known: should we try to control the future or just let it happen? This ambiguity brings with it anxiety and different cultures have learnt to deal with this anxiety in different ways. *The extent to which the members of a culture feel threatened by ambiguous or unknown situations and have created beliefs and institutions that try to avoid these is reflected in the UAI score*.

At 76 Brazil scores high on UAI – and so do the majority of Latin American countries. These societies show a strong need for rules and elaborate legal systems in order to structure life. The individual's need to obey these laws, however, is weak. If rules however cannot be kept, additional rules are dictated. In Brazil, as in all high Uncertainty Avoidance societies, bureaucracy, laws and rules are very important to make the world a safer place to live in. Brazilians need to have good and relaxing moments in their everyday life, chatting with colleagues, enjoying a long meal or dancing with guests and friends. Due to their high score in this dimension Brazilians are very passionate and demonstrative people: emotions are easily shown in their body language.

#### Long term orientation

The long term orientation dimension is closely related to the teachings of Confucius and can be interpreted as dealing with society's search for virtue, *the extent to which a society shows a pragmatic future-oriented perspective rather than a conventional historical short-term point of view*.

At 65 Brazil places itself amongst the long term oriented societies as the only non-Asian society. The "jetinho brasileiro" is really to look for alternatives to do what in a Western eyes could be regarded as impossible. Like Asians the Brazilians accept more than one truth. Brazilians easily accept change as a part of life.

**Table 1. The differences between Brazilian and European administration models (Novais 2011c)**

Brazilian Administration Model	European Administration Model
Control-based organizations	Trust-based organizations
Decisions are imposed	Decisions are discussed
Planning only involves today and tomorrow	Long-term planning
Flexibility seen as positive	Flexibility seen as lack of planning
Deadlines are never a deadline	Deadlines are strictly followed
Employees seen as nothing more than employees	Employees seen as partners
Employees must be told to do their jobs	Employees act more instinctively
Control, monitoring, directing and obedience	Persuasion, negotiation, equality and democratic leadership
Ability to negotiate	Tendency to settle for the first option

### **Personal relations**

Brazilians base business very widely on personal relations. A lot of decisions are based on the question whether one personally likes the other or not. Many foreigners are surprised to find out that they often have to become friends with people in order to do business with them. Trust is everything for Brazilians doing business, and once lost it is difficult or even impossible to get back. Friendship hastens many things. It is like a social game: at a work place you have to socialize enough so that you gain points. With the points you have enough trust to be strict, e.g. in feedback situations. Once you have a connection with somebody, it is really difficult to transfer the relation for another person in your company. Personal relations are also a negative thing in some cases: a boss or a colleague might “arrange things” in difficult situations, which means helping you, bending the rules, sometimes protecting and maybe hiding your mistakes from others. It increases the amount of social games played in organizations. (Mello 2012; Nakashima 2012; Fitzgerald 2011; Novais 2011c.)

On the other hand, it is not very difficult to make connections. Brazilians, once they like you, they are very eager to connect you to others (Nakashima 2012.) If

one likes making connections, Brazil is one of the best places to go to make business.

### **3.5 Important for a Finnish company to adopt in the Brazilian market**

Another important tip Tommi O. Reinikainen (2012) always gives to the Finnish companies for doing business in Brazil is: **Be local!** This means that to sustain in the country, it is crucial that you have a good network of local people. It means that you have to have a local address and business card in Portuguese. The Brazilians find it very often easier and more reliable to do business with people that seem to be local and know the local habits and culture. So in that sense, the general Brazilian way of thinking is not very global. (Reinikainen 2012; Mello 2012.)

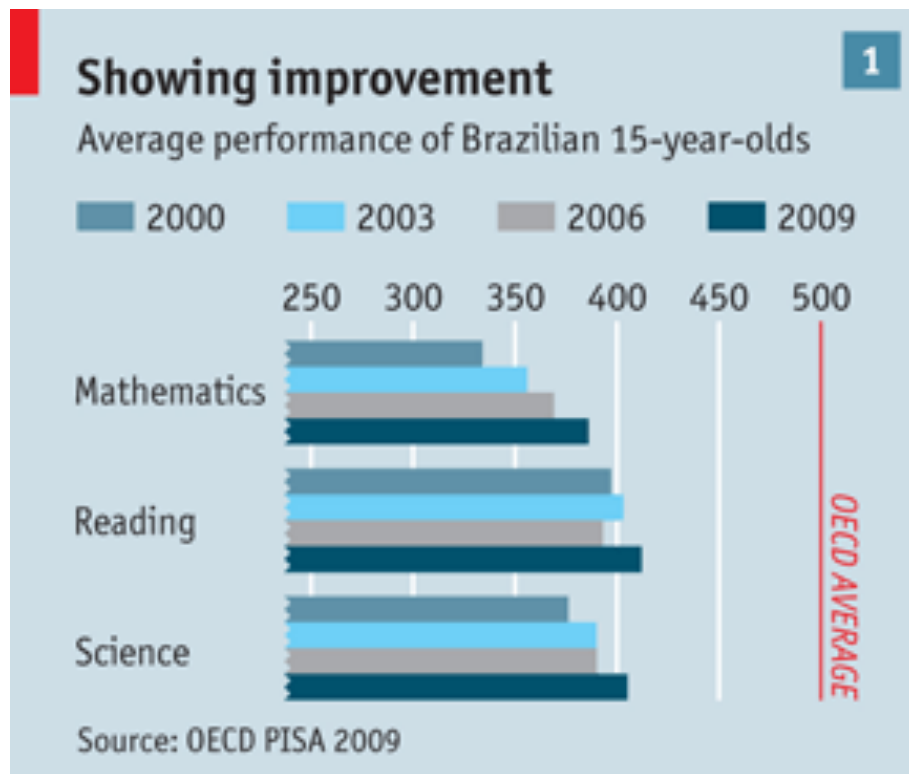
### **3.6 Overview of the educational field**

#### **Background**

Education is a hot topic currently in Brazil. It is publically known that education is something that has to be developed a lot in Brazil. The tools might be partly still missing. The basic setting and a huge problem still today is that the free, public education is mostly really bad, and so people are divided pretty much by their income: the wealthier families' children are able to go to a private school, while the poor and lower middle class children can only go to a public one, where their problems often start. (Mitraud 2012; Nakashima 2012; Foguel 2012; Novais 2011a.)

The big years of economical instability 1985 – 2000 were a bad period for the Brazilian education. Only half of Brazilian children finished primary education that time. Three out of four adults were functionally illiterate, which means that they could not read this text in Portuguese. Not many Brazilians cared, politicians the least. The rich were, as always, using private schools, the poor did not even realize the state of education. The poorness of education simply didn't get any attention. (The Economist 2010.)

**Figure 3. Improvement of the PISA results of Brazil in the years 2000 - 2009 (The Economist 2010.)**



In 2000 Brazil entered the *PISA* – Programme for International Student Assessment, organized by the OECD countries. The President at the time, Fernando Henrique Cardoso decided to enter Brazil into PISA to raise attention of the poor state of the education. It worked, at least, in getting attention. Brazil ended up resulting as the last of 65 PISA tested countries. Education has clearly gone somehow together with the economic state. Also the economy started going slowly up after 2000. (The Economist 2010; CIA 2012a.)

Nowadays, the education is getting better all the time. Less than 10% of the people are completely illiterate. Number of functionally illiterate people has gone down, now it is 68%. The public schools are still bad, and the teachers bad and very much underpaid. But the PISA results have gone up: in the last PISA Brazil came 53rd in reading and science, out of 65 countries. (The Economists 2010.)

### Understanding the system

- *Educação Infantil*: Very similar to pre-school or kindergarten. It is optional, but most parents see it as a daycare alternative.

- *Ensino Fundamental I e II*: These two correspond to what is called Elementary school in many countries. Both correspond to two stages: the first one goes from 1st to 5th grade and the second, from 6th to 9th grade.
- *Ensino Médio*: Similar to High school, corresponds to the final three years before graduating.
- *Ensino Técnico*: A technical degree, a vocational degree that can be taken along with ensino médio. It requires that the student has completed ensino fundamental and is usually provided by public institutions. The main purpose is to professionalize the student to a specific job to the market.
- *Ensino Superior*: University degrees. *Graduação* (undergraduate, Bachelor's degree), *pós-graduação* (post graduation, graduate studies), *mestrado* (master degree - prepares you to be a researcher or a teacher), *doutorado* (PhD).

(Novais 2011a; Wikipedia 2012.)

### **Educational field currently**

The best and the internationally qualifying first levels of Elementary school and High school are private. But the best universities are the public universities, which are also highly popular and therefore very hard to get into. The basic rule is: in order to get a good degree, with reasonable costs, one usually wants to go to a public university. But, in order to go to a public university, your parents have to afford sending you to a private Elementary school and High school; otherwise you do not usually stand a chance of getting in the university. And often the High school might be mainly focused on the subjects of enabling people to get into universities, not educating them generally for the life or to be human beings. Many young people take many years to apply and re-apply to the degree of their choice, in the university of their choice. (Novais 2011a; da Silva Oliveira 2012; Santoro 2012.)

Only about 10 % of the Brazilian population has a higher education degree, a proportion of about 14 % of the young people at the age of 14 - 20 goes to university. In numbers this means about 6 million million out of the whole age generation of about 50 million people. Furthermore, 32% of the undergraduate students are functionally illiterate. The higher education has become more accessi-

ble in the past years, and the educational level of the students has gone down at the same time. If this is temporary or not, no one knows. (Novais 2011a; Mitraud 2012.)

One thing that affects results is that most of the people who study at university cannot afford to study full-time. They usually have one or two jobs on the side to fund their studies. This is the most common solution especially at the public universities, and the classes are usually at mornings and / or at late evenings. The rest of the day is for working. There are also many full-time private universities, but then the student – or in practice his or her parents – has to afford to study full-time. The fees of private universities can be, converted into euros, for example 6 000 – 15 000 euros per year. (Nakashima 2012.)

## **4 STRENGTHS OF THE MARKET**

### **Brazil is moving**

There is a lot of movement in the Brazilian educational market. The formal education has gained size, both on the formal and the informal side. The university studying places have been more than doubled in the last 10 years. Every year there are 1,5 million new students who enter universities. The goal of the Brazilian government is to double the size of the market in the next ten years. Another ambitious goal of Brazil is to reach the average standard of the OECD countries over the next decade in PISA results – information of 2010. At the pace of 2010 the country would only get halfway there. (Santoro 2012; Mitraud 2012; The Economist 2010.) Also According to Marco Santoro (2012), the best thing about São Paulo city is that there is so much movement, so many options for learning and education. He also says that at least in the city the informal education has increased a lot: there are courses, programs, workshops, co-creation spaces, seminars for every single day and more. (Santoro 2012)

### **Universities**



The level of Brazilian university education – Ensino Superior - is good, and the level of graduates is reasonable. (Mitraud 2012) According to Cleide Nakashima (2012), there are some really good universities that are focusing on what is in her definition education. Education is in her definition producing and sharing new knowledge and doing research, instead of grabbing the latest commercial fashion of education. (Nakashima 2012)

Brazil is trying to fight the inequality by compensating the areal concentration of universities to big cities. Currently you cannot find any federal university in the big cities. (Mitraud 2012.) As examples of federal universities could work:

- *UFJF* – Universidade Federal de Juiz de Fora - Federal University of Juiz de Fora, which is close to Belo Horizonte (in the state of Minas Gerais)
- *UFOP* – Universidade Federal de Ouro Preto - Federal University of Ouro Preto. Ouro Preto is also a city close to Belo Horizonte
- *UFSCAR* – Universidade Federal de São Carlos – Federal University of São Carlos. São Carlos is a city in the state of São Paulo.

These all are examples of universities that operate in medium sized cities. (Mitraud 2012.)

Most of the biggest educational groups in Brazil are either part of an international group or funded by international actors:

- *Anhembi Morumbi* – Universidade Anhembi Morumbi – Anhembi Morumbi University – is part of *Laureate International Universities*, which has according to Flavio Foguel (2012), close to 30 universities in Brazil. Laureate is present in all over the world.
- Kroton Educacional has foreign investing behind it
- *Universidade Anhanguera – Uniderp* – Anhanguera University is the second largest educational group in the world, they have 400 000 students. They has *Pátria Investimentos* – Pátria Investments behind them. Pátria itself gets funds from its partner *Blackstone* – an international investment and advisory company
- *UNIP* – Universidade Paulista – Paulista University, which is also located in the top 10 of the world.

- Another big group is *SEB* - Sistema Educacional Brasileiro – The Brazilian Educational System. It also has foreign investment behind it
  - *Uninove* is a big group as well, 100% Brazilian
- (Foguel 2012; Mitraud 2012.)

The growth of the educational market has been mainly possible because of these international actors, because they bring a lot of investment in the country. (Mitraud 2012) International educational groups and investors seem to have noticed in the past 10 years that there is quite much of unused potential in the Brazilian education market.

What is very good in the Brazilian university system and could be exported from Brazil to outside, according to Flavio Foguel (2012), is the evaluation system, evaluating equally all the institutions offering university level education. The system was created by *MEC* – Ministério da Educação – Education Ministry and is called *Sinaes* - Sistema Nacional de Avaliação da Educação Superior – the National Evaluation System of University Education. The system evaluates and regulates the university programs and what kind of people should graduate from it – student profiles, efficiently. The ways of evaluation are self-evaluation and an evaluation committee. If the program passes evaluation it gets recognized as an official program. The only challenge with the system is that it regulates programs to be similar, being quite tight. Exceptions might not be easily accepted. (Foguel 2012.)

### **Vocational level**

The vocational education (*Ensino Técnico*) did not use to be that strong, but has gained a lot of pace in the latter times. Students have very specialized programs for graduating them for certain professions, and this seems to work very well. According to Flavio Foguel (2012), the vocational education and free professional's education have succeeded very well in terms of methods, techniques and philosophies. Still, there is a lack of labor workforce in the country. For example the supermarket chain *Carrefour* doesn't have bakers anymore. (Mitraud 2012; Foguel 2012.)

Examples of good vocational institutes:

- *Senai* - Serviço Nacional de Aprendizagem Industrial – National Service of Industrial Learning)
- *Senac* - Serviço Nacional De Aprendizagem Comercial – National Service of Commercial Learning
- *ETEX* –vocational schools
- *ETFs* – Escolas Técnicas Federais – Federal Vocational Schools

(Foguel 2012; Mitraud 2012.)

### **Education makes a difference**

In urban areas there is almost a full employment, there is actually more demand than offer. The urban areas unemployment rate is at the historic low of 4.7% (December 2011). (CIA 2012a; Mitraud 2012.)

There is still a big difference in the education between different people and classes. According to Cleide Nakashima (2012), some people are more aware of the market. If they want to be managers or go forward with their careers they go to get education that allows it. Education and e.g. English language skill differentiates people in the market; people in high leadership in companies have a very different profile. According to Nakashima (2012), education in most cases makes a difference (Nakashima 2012.)

## **5 WEAKNESSES OF THE MARKET**

### **Public vs. private – funding education**

According to Daniel Mitraud (2012), the challenges in the Brazilian education system are enormous. As stated before, of the public education in Brazil (excluding universities) is in bad shape. It is rare for those who have gone to public elementary and high schools to be able to get a study place in a university, because the public universities are very hard to get into, and the private ones are very expensive. The statistics might confirm this point: currently in Brazil, 80 % of universities are private, only 20 % of them are public. (da Silva Oliveira 2012; Santoro 2012; Mitraud 2012.)

14 % of the youth of the ages of 14 – 20 ever go to a university. The number is usually around 30 % in the developed countries as well as in many neighboring countries of Brazil. The government has committed to double the number of schools, but as with every development project in Brazil, for the size of population and area, growing needs a lot of investment and time. (Mitraud 2012; Novais 2011a.) According to Roland Zottele (2012), there is no strategy, no idea of how to do it behind it. The government does not know how to get there because the problem is very broad and requires so much improving the basics.

Public education is bad. On the other hand, it might not be such a surprise since the Brazilian government uses 5 % of the GDP (2007) on education – and that makes Brazil the 59<sup>th</sup> biggest country in education expenditure. The conditions and the salaries of the public school teachers are bad, and the pupils can have very little respect towards anyone, because they are often from poor or very poor conditions. According to Cleide Nakashima (2012), there is no infrastructure or training for teachers and they are pretty much abandoned in their work. If you are even close to an average student you will pass the class with ease. Pupils that cannot read or are very much absent pass the classes. The number of pupils staying behind in the class years is also great. The basic level of schools in general needs a lot of development. (Santoro 2012; Nakashima 2012; Foguel 2012) Funding education is difficult. A lot of people are still living on the miserable level, in the miserable class. Their priority is the basic needs, not education. Some forecasts have foreseen, though, that the miserable class would stop existing in the future. (Mitraud 2012.)

Money truly is an obstacle for studying, if you do not have a strong family funding behind you. University students mostly have to work while studying, their days are very long. According to Daniel Mitraud (2012), people and families in Brazil do not start to save money for their studies as people do, for example, in the USA. Mr. Mitraud (2012) blames this for the non-existing financial education. (Mitraud 2012; Nakashima 2012.)

Private basic education is a little bit better, but according to Marco Santoro (2012), they often focus on *Vestibular*, the Matriculation examination - instead of preparing for the world or to be a person. (Santoro 2012) There is also a countermovement being born currently against some commercial universities, who rather seem to think about business, short-term goals and trends than about education or the benefit of the society in the long run. (Nakashima 2012)

### **Government and educational thinking**

Brazil has a tendency to think in boxes. The government, universities and people think very much in different professional areas and field of studies and cannot see correlations between them. So, for example if you have studied engineering you are thought to employ yourself exactly in that area. According to Marco Santoro (2012), people are not encouraged to create new by the mindsets in education. In his opinion the MEC – the Ministry of Education does not encourage other systems to appear. (Santoro 2012.) In Cleide Nakashima's (2012) opinion the education politics needs a lot of development. She says that government does not consider education very important, at least it cannot be seen in action. (Nakashima 2012.)

As in the Strengths it was stated, some companies think about their internal education a lot. But according to Cleide Nakashima (2012), most of the companies are not really interested about education. They deliver training and technical or behavioral knowledge. They are thinking on short-term results, not focusing on creating new knowledge and sharing it. Her question to this type of organizations is: "*How can we share knowledge, how can we share experiences? How can we influence people? How can we make a difference? How can people learn the best way?*" (Nakashima 2012.)

Also, there are not enough institutions producing enough quality knowledge and resources for corporations' use. Many of them do partnerships about educating their staff with foreign international schools, e.g. *MIT* – Massachusetts Institute of Technology, who have eagerly started offering courses about how to do business in *BRIC*-countries – Brazil, Russia, India, China. At least *Vale*, the biggest Brazilian mining company, has bought services from MIT.

## 6 OPPORTUNITIES IN THE MARKET

### **Brazil – the country of opportunities**

According to Daniel Mitraud (2012) and Flavio Foguel (2012), the sea of opportunities in Brazil is enormous. Mitraud (2012) suggests for Finnish actors going to the North or to the Northeast of the country. São Paulo and Rio de Janeiro, for example, are already more developed. Instead in further, less developed, but still to be developed a lot in the near future, areas, he considered having most potential. (Mitraud 2012.) The *IBGE* 's- Instituto Brasileiro de Geografia e Estatística – Brazilian Institute of geography and statistics website offers more info about different areas. There one can select different kind of filters e.g. for size of the city or for income per capita, and the site shows the suitable cities. According to Daniel Mitraud (2012), an interesting example of a smaller city is the city of Bellanda. There is a well developing service industry cluster in Bellanda. (Mitraud 2012)

Flavio Foguel (2012), on the other hand, is certain that education's importance in the economy and as business is going to rise in the following years even more. It seems to be the key question to Brazil's future. Currently the Brazilian educational model is very classical in mr. Foguels (2012) opinion. New models are resisted at first but there are good opportunities. (Foguel 2012)

There is a lot of movement in the education field in Brazil. Universities have quite a tight competition, and they are buying each others off the market. (Foguel 2012.) In Cleide Nakashima's (2012) opinion the university she is doing her masters, *Mackenzie* – Universidade Presbiteriana Mackenzie – Mackenzie University, is a very good university, which takes education very seriously, produces knowledge and does research. So it could be a good university for Finnish companies to find out more about.

### **Open a university of your own?**

Flavio Foguel's (2012) suggestion for Finnish companies is opening a new university or buying an existing one in Brazil. That is how the foreigner companies have this far mostly been entering the educational market. In his opinion, there is open space available in university education. He sees distance e-learning to be a fast growing market. In that market have recently happened big things when *Kroton Educacional* – Kroton Educational – bought *Unopar* – Universidade Norte do Paraná – The Northern University of the state of Paraná, that had 150 000 students in their e-learning programs in the whole country. (Foguel 2012.)

Foguel (2012) says there are two ways of competing in the university education: price or quality. In the price model one puts fair prices for education, with an adequate quality, and earns with volumes. In the quality model one differentiates by providing something of a quality that no one else or rarely anyone else offers. (Foguel 2012.)

In Foguel's opinion there is also space in what he calls life-long education, meaning programs starting after bachelor program: masters programs and PhD programs. They are still a lot more rare than bachelor programs for financial reasons, but according to him they have a lot of future in big scales. (Foguel 2012.)

If Flavio Foguel has 2 million of money he would invest on this two: e-learning and master / PhD programs.

### **Growth areas**

As stated before, only 14 % of 14 – 20 year old youth goes to university. According to Daniel Mitraud (2012) the area is going grow a lot more in the future. That will give new opportunities for doing business. So does Brazilian governments plans to rise in PISA results. It means that they need to invest on that a lot in the near future. (Mitraud 2012.) Also many international parties, e.g. big universities like *Harvard* – Harvard University in Boston area - USA, MIT and *INSEAD* – Insead University in many continents - originally from France, are very interested about BRIC countries. They create various courses about doing business in these countries, and they also do partnerships with local parties – like they used to do with Vale, as stated in the Strength section. (Nakashima 2012.)

There are many actions with which the Brazilian government is creating movement and action. One of them is a program called *Sciencias Sem Fronteiras* – Sciences Without Borders. The program supports by scholarships Brazilian students and researchers to go to the USA and Europe to study, and the way around, talented foreigners to Brazil. Brazil's president Ms Dilma Rousseff recently visited American president Barack Obama negotiating applying the program to be stronger in USA, and her plans are to travel around the world doing the same. (Mitraud 2012; The Economist 2012.) According to Mr. Mitraud (2012), an amount of 14 000 Brazilian students are currently studying abroad through the program. This kind of programs could possibly help Finnish actors in building business in Brazil. The other similar movements that are running currently are *Capes* – Coordenação de Aperfeiçoamento de Pessoal de Nível Superior - Coordination of Improvement of Higher Education Personnel and *CNPQ* – Conselho Nacional de Desenvolvimento Científico e Tecnológico - National Council for Scientific and Technological Development . (Mitraud 2012)

There is another program that might change many things in the educational market. There is a student funding called *FIES* – Financiamento Estudantil – the Student Financing. FIES is for the poorest families' children to be able to study. The students the, after graduation, have to pay the money back to government. Although often the families that are not the poorest of the poor, but still have financial difficulties, might not get the funding, and therefore cannot go to university. Government is also not communicating about the existence of the program enough; many people lose the opportunity. Nowadays, legally, just two banks are able to do student funding: *Banco do Brasil* – the Bank of Brazil and *Caixa Econômica Federal* – the Federal Economic Cashier. The government has analyzed whether they should apply this to a larger amount for banks. With the extra arms in funding, the Brazilian university market is most probably going to grow quite much bigger. (Foguel 2012; Mitraud 2012.)

### **Companies & Corporations**

In companies there is more flexibility on treating learning. There are no rules as there are in universities. In the corporation learning there is a relatively new



trend: corporate universities, whose work is to do studying programs to educate employees. For example in technical areas of work this course would be in the beginning. (Santoro 2012.) According to Marco Santoro (2012), corporate universities were mainly born because the formal education system does not give enough competencies to employees for example about innovation, work in groups, self development, reaching professional maturity. (Santoro 2012.)

Corporations are also buying a lot of education from universities. Here are some examples:

- *Banco do Brasil* - the Bank of Brazil offers its employees and some clients master programs in distance around Brazil in partnership with a consortium of universities:
  - *UFRJ* - Universidade Federal do Rio de Janeiro – The Federal University of the state of Rio de Janeiro.
  - Here in São Paulo the responsables are *USP* – Universidade de São Paulo – University of São Paulo and *FGV* - Fundação Getulio Vargas – the Getulio Vargas Foundation
  - In the state of Minas Gerais *UFMG* – Universidade Federal de Minas Gerais – the Federal University of the state of Minas Gerais
  - In Brasília *UnB* – Universidade de Brasília – The University of Brasília
  - In the Northeast *UFPE* – Universidade Federal de Pernambuco – the Federal University of the state of Pernambuco.
- *Grupo Santander Brasil* bank negotiated a package with *Mackenzie* – Universidade Presbiteriana Mackenzie – Mackenzie University for a master program inside the organization

(Foguel 2012.)

Also Vale is a good example of company that has at least in the past had good education process for the employees. According to Cleide Nakashima, banks *Banco Real* and *ABN* who were bought by Santander were really good in terms of education. We might find a good learning process from Santander soon enough as well. Also *McDonald's* and *Habib's* – a Brazilian company selling fast Arabic food - have corporate universities. (Nakashima 2012.)

E-learning is also becoming more and more popular within the companies whose employees have to travel a lot in their work.

## **7 THREATS IN THE MARKET**

### **Bureaucracy**

One of the most commonly said threats is the rules of coming to Finland and laws, taxes and other bureaucracy. According to Daniel Mitraud (2012), the laws and especially the taxes are difficult, and for that reason many foreigners never come to the country. On the other hand, there are consultants whose job is to help in this. Another threat in the market in Mr Mitraud's opinion is that Brazilians are not used to buy services – they buy houses, cars, and other physical products, but services are another thing. (Mitraud 2012.)

### **Different level in organizations**

According to Flavio Foguel (2012), working with teachers is also difficult – in case one works with educational institutes. You have to discuss all the things through with the teachers really democratically, little by little, and you cannot force them into anything. (Foguel 2012)

Working with big companies and their decision making process takes a lot of time, as it was stated in the Overview of Culture and Business Culture section. One would be wise to have several projects at the same time (Foguel 2012.)

### **Selling to universities is difficult**

According to Flavio Foguel (2012), the private universities might be very difficult to sell to, because their owners are usually a lot tighter about money, profit and putting their money to where it creates profit in the short-term. So selling to public or half-public universities might be easier. (Foguel 2012.) Mr. Foguel (2012) also warns the Finnish companies that in Brazil, the trust can be lost only once.

Brazilians build everything on trust, trust is essential and if it is gone business also stops at there. (Foguel 2012)

### **Not being a local**

Cleide Nakashima (2012) thinks that the biggest challenge and threat of a foreign company in Brazil is that it is not local. It will never be as good considering cultural differences than a Brazilian company. Why should she buy e.g. from a Finnish company, instead of from a Brazilian company? The Finnish one has to bring some kind of unique difference, something new that you cannot yet find from Brazil. And the difference must be shown. (Nakashima 2012.) A foreign company has to show that it is an expert on the local culture, otherwise it will not be trustworthy. I will not be able to read all the situations in a right way. Speaking Portuguese is already a good start.

## **8 DISCUSSION**

### **8.1 Theory structures on expansion**

#### **Good-Interesting**

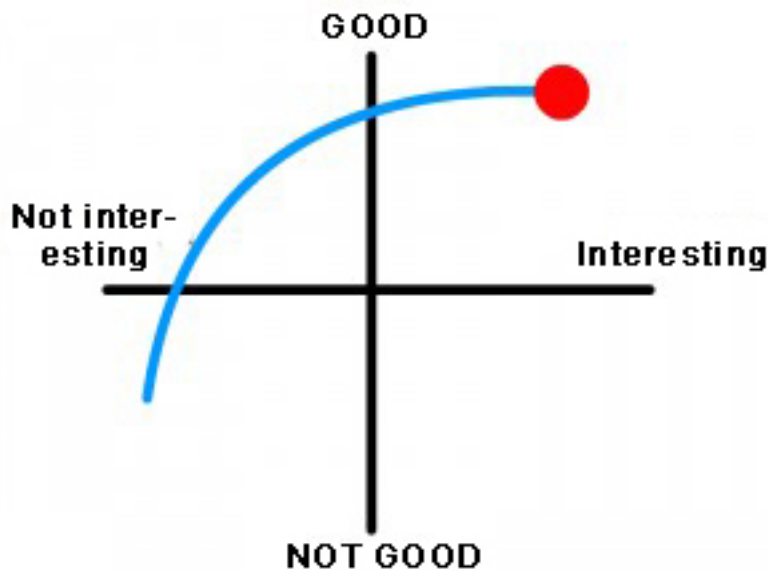
Monkey has now gained already a good amount of information in Brazil, which will help make the functions sustainable. Monkey Business' entrepreneurs have noticed that they possess something that no one else has yet:

- Knowledge and know-how that does not exist in Brazil yet – even in Finland it is still fairly new and rare
- Portuguese language skills that fairly few Finnish people have.

Thus, Monkey is bringing a unique combination of business to the Brazilian market. There is a theory of internationalization from Saku Tuominen's & Risto Kuulasmaa's Matkanopas book. The theory is Good-Interesting Model. It is based on the thought that a concept or a product or a company can be, especially internationally, still as interesting - bring something new - as in its home country, but it might be not very good – doing all its processes well - for the different atmosphere. Or sometimes a simple product, for example a shoe, can be very good,

made out of good leather, but it is not very interesting. A company of course wants to avoid the situation of being not interesting and not good, and the ideal situation would be both good and interesting.

**Figure 4. Good-Interesting Model (Riipinen 2011, based on Tuominen & Kuulasmaa 2011)**



Thus, that is why Monkey Business has thought it is very interesting in Brazil, since it brings something different. They have been told that after they get their references in a good shape, their knowledge and skills will be very popular in Brazil. You have to bring something different. Monkey is not yet especially good at doing business in Brazil, the company has a lot to learn still. The entrepreneurs of Monkey figured out: working with packaging and products usually makes a company good in performance and helps clients to buy.

### **Monkey Business' 3 steps to success in Brazil**

As a result, Monkey Business created a couple of weeks ago an indicator tool of **3 steps to success in Brazil**. It is based on the perception on where the company is in the process of becoming sustainable in Brazil. The things needed for the success receipt in the Brazilian market:

1. **Specific knowledge and skills:** Personal experience and bird perspective knowledge and skills about team coaching, team learning, team leader-

ship. Monkey Business is strong at this, even in Brazil – **Interesting and Good**

2. **Language and cultural skills:** The required knowledge and skills about language and culture to seem local enough – **Good**
3. **Product and packaging:** Message and product put in a way that it is easy for client to get to hear about it, get interested and then buy – **Interesting but not good**

Monkey Business is at the stage 2 / 3. Being interesting with products is not enough if no one knows of them, nor if they are hard to buy.

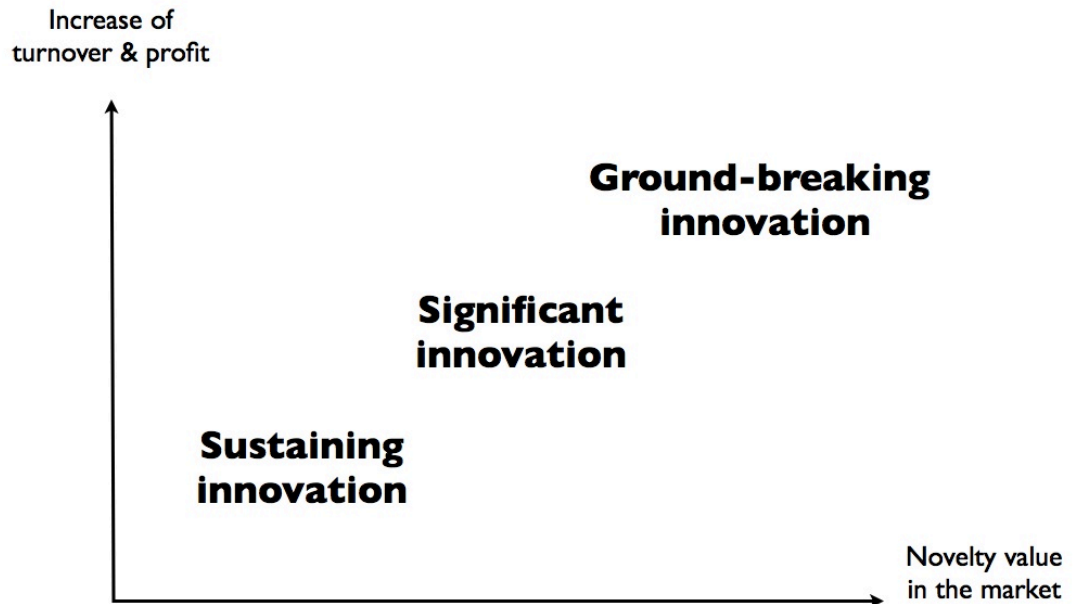
Monkey has climbed the stairs from 1 / 3 to 2 / 3 since in 2009, in three years after it first started in Brazil. Will it take three years more to get to the third stage? ***What is your company's stage in Brazil? What would you like it to be in three years from now?***

### **Common innovation field with Brazilian clients – clash of cultures & the way to breakthrough**

So what can the Finnish companies offer to Brazil in the area of education? The Finns seem to be already quite good at offering e.g. biotechnology to Brazil – see 1.1. The purpose and the background of the study. So, but what can the Finnish offer in the area of education? This was the question Cleide Nakashima (2012) wanted to ask the Finns. The EduCluster Network is mostly about methodologies and services wrapped around them. Also Mervi Palander (2012) has said that Finnish do not leave the client alone, but deliver their products in partnership. So co-creation is strongly needed for the whole combination to work. We need to ***create the final products, the final impact together with Brazilians***, which makes it interesting, because co-creation between two very different cultures always creates something very much new in the ***clash of cultures***.

There is a way to visualize this into a working model, using an existing figure from the book *Ideasta innovaatioksi* (From idea to innovation) by Jim Solatie & Mika Mäkeläinen:

Figure 4. The degrees of innovation (Solatie & Mäkeläinen 2009, 39)



### **Sustaining innovation**

Either of the countries can do this type innovation themselves. In this context daily small innovations in organizations are the ones that do not bring anything permanent.

### **Significant innovation**

It is something neither one can create alone. This is an innovation that is born in the co-creation, in the clash of cultures – permanent change or products are being born. There's no way back anymore!

### **Groundbreaking innovation**

The Breakthrough! All of the innovations are born in co-creation with Finnish & Brazilians. Wee feel Brazil is the home our innovations!

## **8.2 Reliability of this research**

Considering that the results of research are done mostly by interviews, the human risk exists, as in all qualitative studies. Interviews are always someone's personal points of view. Part of the risk of the interviews is the method of selecting the interviewees and the question of diversity in the answers they gave. The interviewees were mostly of researcher's network or of connections of these people in the network.

Another risk is connected to translating the interviews, as they were translated into English by the researcher. There is a risk of some small misunderstandings of difficult meanings, slang or in some other way culturally connected meanings, and it might affect the results to some extent. The researcher having already intermediate experience of the working environments and dialogues in Portuguese the risk is considered minimal.

### **8.3 Dreams and opportunities**

The third step is the dream, but tools for it are still far away. We still need to learn so much more about Brazil, about ourselves as human beings. For that, the EduCluster Network needs to unite and start working together in this battlefield.

One of the biggest opportunities in the Brazilian market is the e-learning opportunities. The area is very new but fast developing in the country, and now that the movement starts to go that direction, it would be the time to act upon in within Finnish companies. Also, teacher education will most probably soon be one of the key things Brazil needs to invest if and when it wants to fix the huge inequality in the educational field and the very poor quality of the public primary and secondary education. In the long run, if Finland invested on promoting its teacher education opportunities and methods to Brazil, it could be the winner of the global competition on this area in Brazil because of Finland's excellent references in the area and of the teacher education.

More opportunities for the Finns give the existing educational and industrial cooperation projects that are starting between Brazil and Finland in the areas of

Maritime and Offshore Technologies and Biomass based Businesses. (Finpro ry 2011) The synergy of doing parallel projects, communicating between the different initiatives and sharing together Finland based references could be very good. Also, while there is a strong initiative on improving e.g. the maritime education in Brazil in cooperation with Finland (Pitkänen & Laurinen 2012), the references of Finnish education are growing in the country. With all this movement it can be stated that many more Finnish projects and business could be done on the side of education.

The legal and taxation issues are proved often to be the biggest obstacle especially for foreign companies. For this there exist very good consultancy and accounting companies that do it easier and cheaper, helping to avoid mistakes, to manage the legal obliges.

Threats and risks are always big in Brazil, but opportunities may be even bigger. As everything in this study has messaged, Brazil is a huge country with huge challenges: Inequality, bad education and long-term sustainability. The direction has been improving for the last years, though, and there is not reason to suspect that the development would stop. Brazil is a huge country with huge opportunities: a classical education system that for sure needs new ideas, multicultural rich networks, the North and the Northeast that will be one of the points of future development. Everything is growing in Brazil now with a great pace: number of schools, number of student funding systems, the quality of the students, the number of services bought from outside, the need for a change, to bring something different to the country.

The time to act upon the market in Brazil is now. Currently the market is in a strong transformation. The goals of improving are huge but no one has an idea of how to make the change happen. I think the EduCluster Network companies all have a good experience on making big changes happen around them. Brazil is the next challenge and opportunity for them.

***Next step: Brazil!***



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## 10 APPENDICES

### Appendix 1. Research interview, Marco Santoro

Research interview

Mr Marco Santoro

One of the co-founders of *EISE* – Escola de Inovação em Serviços - School of Service Innovation. Previously Mr. Santoro has worked at *Senac São Paulo* – Serviço Nacional De Aprendizagem Comercial – National Service of Commercial Learning – as Coordinator of Corporate Education.

EISElab, São Paulo, Brazil, 3.4.2012

**What is great about the Brazilian education market? What might be your top three of what is great in here already? And what is not so great about it? What might be needed in here?**

I think we have a lot of options here in São Paulo. And there is a movement of free education, like The Hub is offering some autumn schools. There are also other design companies and design agencies that are offering support. Many things! The alternatives we have, a lot of free encounters or free courses or free speeches to go and watch. Last week there was a Pecha Cucha night. So this month we have like ten campfires here at EISE. Yesterday a company brought an *IDEO* guy to speak about IDEO process of doing things, and it was together with our “There Is No Spoon” service campfire. There is always a lot of alternatives, and I feel that São Paulo is like the creative hub of Brazil. There are a lot of movements, and they are trying to put the city into the creative economy. This is great.

What is not great is that we don't have much time to enjoy all these offers that we have. We work a lot here in São Paulo. We are known for it. Work is what you do in São Paulo, mostly, it's very hard to balance between your personal life or your learning experience and your job and your career. It could be not so fast, the things. I think it could be. But the system doesn't, you know? So we miss a lot of things because it's very hard to go from one point to another because of the traffic, so it's one hour to walk fourteen kilometers or fifteen kilometers. In terms of public education, this is a bad thing you know, because the salaries of the teachers are like six hundred reais a month. There is absolutely no infrastructure, no training and development of learning or teaching skills. They are really abandoned in the public school and the public system, educational systems. You know, this is really really really bad. You know, childrens pass one year to another automatically, even if they miss a lot of classes, even if they doesn't know how to write a simple test, or to understand a simple test, or to do some elementary math. They just spend a time with no infrastructure. So public education here, not just in São Paulo, but in Brazil is really sucata, junk, like a mess, you know. It's a very complex issue to deal with.

**How are people trying to deal with it? Are there some approaches to solving it?**

Well, who can afford start to go to the private educational system, you know, private schools that are a little bit better, but even though most of them are mainly worried about teaching how to pass the Vestibular – the matriculation examination, the exams and the qualifications to enter the university. We have a lot of examples of it, but not every school are preparing the children's to world, to be a person, so it's a model that it's very rigid in the sense of what is learned is what they will face in the Vestibular exam, you know, just before entering the university. It's like a path to get to the university and not to fulfill one's challenge or one's interest. So the structure is always like a net. The curriculum is super rigid, super specialized, so you have finance, you have marketing, you have other stuff. The students will mix it alone, but the educational model doesn't support these correlations among different disciplines.

**Are you now talking about the university side?**

Also, the university side also. And we have the Ministry of Education here that regulates the system, and it doesn't encourage other systems to appear. So it's really hard to implement Team Academy here because it doesn't fit to the curricular guidelines that ministry demands to certificate or to recognize an institution or a graduation programme in university. So it's really complex, the educational system here in Brazil is really complex. For instance, you have in Team Academy in Finland the possibility to choose whatever you want to do with you company, isn't it?

**Yes.**

It's like one taxation that is common if you want to open copy or if you want to open a consultancy, you can choose about it. Here, no, here it's a consultancy of training and development, it's not a school. If you want to be a school, it's another taxation, other contracts, it's another thing. So we can't, for instance, give the opportunity to build a team of entrepreneurs that will past a lot of different business throughout the learning experience. No it has to be one, because that's the only thing we can manage to open, and it's very hard to open a new business, it's very hard to close it, even harder to close it.

**What do you think about the company world, Marco? How is the learning working in the companies?**

Well, you know, we are a little bit tired of this corporative culture that tends to simplify things a little bit. Simplify the way how people learn. But, I can say that in the corporate world there are much more flexibility about how you will treat learning. So companies have the autonomy to build things that are different from the formal educational system. And this movement is growing up, the movement of corporate universities, of corporative education, it's growing, because the formal educational system doesn't give the competences that are required for the companies to innovate, to work in groups, to self develop, to reach maturity. So

it's a movement to complement and to think that formal education doesn't give to us. Because of the things I have already told to you that they are made for you to enter university, and when you are in the university you are made to work in huge companies, not to entrepreneur or create some new for yourself. Have to do an enterprise. So the things are linked in a strange way here. I think it's not Brazil, I see it's happening in many countries. All that I read about the education in the world, it's so rigid, and that's a really complex issue. But, the movement of corporate university and learning organizations, it's growing a lot here in Brazil.

In some companies it's really hard for us to study or to be supported by the company to make journey like EISE or a masters, an MBA. Not every company really impress in the development of the employees.

This corporate culture, it's no longer sustainable, and we have to change it, the way things are done and the things are managed, because otherwise we will not be able to reach the goals that we must reach to grow as a country and as a person, or as a civilization, or as a professional. People who are entering the marketplace now, they doesn't resist much longer to this kind of culture, that you cannot go one day to a park to work.

**Talking about many things, for example people from companies not answering e-mails.**

That's a problem, we see it a lot here in Brazil. A lot of companies doesn't work. You know, the service culture and the service competence, we have a huge lack of it here. It's different from other countries and other examples. I don't know if you faced it in the airport or in the hotel or some other places

## **Appendix 2. Research interview, Flavio Foguel**

Research interview

Mr. Flavio Foguel

Vice Rector of *UNIVAG* - Centro Universitário de Várzea Grande – an educational institute, offering both vocational and university level courses in the city of Várzea Grande in the state of Mato Grosso, Brazil. He previously worked as a professor at *Senac São Paulo* – Serviço Nacional De Aprendizagem Comercial – National Service of Commercial Learning.

Tudo Com Frango restaurant, São Paulo, Brazil, 7.4.2012

The interview has been translated from Portuguese to English.

**What is great or really well done in the educational market in Brazil? What is so well done that it could be brought to Finland for example?**

Look, the educational system of Brazil, in terms of well done, considering the rest of the world, I don't know if there are many things that are so well done that they could be brought abroad. There is a system of regulation, which I think is very interesting. This system is more in the university level education. Or, let's go ahead step by step. When we are talking about the basic education - elementary, junior high and high school - the system still needs a lot of developing, it has many challenges. Our greatest problems are there in that level, and I don't see anything big that could be used in another country there. On the contrary, there is a lot to improve.

Now, when we talk about the vocational education, which is professional education, Brazil has many things that could be presented in other countries. I think our professional education can be used as a reference. We have succeeded in the vocational level very well. Both in the vocational and in the free professional's education. They are growing a lot, but the methodologies, techniques and philosophies, that are used for example in *Senai* (Serviço Nacional de Aprendizagem Industrial - National Service of Industrial Learning) and *Senac* (Serviço Nacional De Aprendizagem Comercial - National Service of Commercial Learning), are really interesting.

In the university education I think we have a system of evaluation and self-evaluation in the educational system that is really interesting. It brings benefits comparing to other countries. Beside that, the methodologies, techniques, contents are very usual by the globalization. Later, we are going to talk about opportunities, there are many of those. What we could bring outside is the professional education system and the system of evaluation in the university education.

### **Why? Why is the evaluation system so good?**

We have a system called *Sinaes*. Sistema Nacional de Avaliação da Educação Superior - the National Evaluation System of University Education. It's a system that foresees the evaluation through specific evaluators. So, let's imagine, you are a university, you open a new study program in your university. If you are an existing university you don't need authorization for it, you just open it. When the program starts to happen, it is obligatory by law and the system of self-evaluation for you to analyse the strengths and taken actions annually for a report to the Education Ministry. Beside that, it's obligatory to have your program recognized. To be recognized, you will receive a commission of evaluators who are teachers from other regions of Brazil and specialists of that subject, who will evaluate the program, and this we call *Avaliação in loco* - on-site evaluation. And beside this we have *Enade* - Exame Nacional de Desempenho de Estudantes - the National Exam of Student Performance. A student who is about to graduate does an exam to be evaluated. So, it's a quite complex system, and quite complete as such. The institution is self-evaluating itself continually, you have *MEC* - Ministério de Educação - the Education Ministry - sending external evaluation of the program, and the student is evaluating him/herself also. This works efficiently. I think this is a good and interesting reference.

Then there's of course the other issue. The university education in Brazil is very regulated. What is the risk? To use a methodology extremely innovative, as Team



Academy, what is of a less regulated market, you can do experiments, you don't need to ask for authorization. But later, you need to get the program recognized, and you receive evaluators that still have the old vision and don't recognize the program. So this is a real risk. So, to execute this kind of education is as simple as in Europe and some other countries that don't have so strict regulation. You have to fulfil the criteria. A program like Team Academy would go into administration here in Brazil. A program of administration, as most of the other programs in Brazil, has national guidelines and regulations. So what happens? You have to meet the guidelines, what are the contents, what are the competencies etc. If you don't meet these guidelines, your program won't be recognized. The MEC makes these guidelines according to the size of our country, the risk of forming professionals in a different way in different parts of the country is big. For this reason, a person graduated from administration has to have a certain minimum profile. You can always have more on top of the profile, but it's the minimum requirement.

Who comes to evaluate the programs is always out of the institution in case, from another region of the country. And you cannot affect this commission too much, they are quite isolated. The organ in Brasília (the capital) which takes care of this evaluation is called *Inep* – Instituto Nacional de Estudos e Pesquisas Educacionais – the National Institute of Educational studies and researches. Who takes care of the evaluation is that organ, which belongs to MEC.

### **What are the opportunities for the foreign companies then?**

There's a sea of opportunities. When we talk about education in Brazil, you have an open space there especially in the university education. Where? In the university education I see mainly two different, clear ways. The first is volume. Educate people of great numbers, with an acceptable quality, but with a more accessible price. That can work, it has happened, there are institutions that are successful doing this. There are institutions that have 180 000 – 200 000 students, don't have a top quality, but an accessible quality, but for a low price, and earns with the volume. It's like strategy in any business: you can have the lead in costs, or by differentiation. What is differentiation in this case? You find a really clear niche, work with the excellence of the niche, and take high prices for it. You won't have volume of people. You won't be able to work with differentiation in certain parts of Brazil because they are poorer. But work with differentiation in São Paulo is quite interesting. If you want to work with it in Northern or Northeastern parts of the country, in certain cities, you won't have any public to target to. This is the first thing you have to consider when talking about university education. Are there opportunities? Yes. But how will I get the public to target to?

Currently, the university education is education in presence. Lately it has strongly started to become from a distance, as distance learning. For example, there's a big institution which was sold now, an institution that is a big example. *Kroton Educacional* – Kroton Educational – bought *Unopar* – Universidade Norte do Paraná – The Northern University of the state of Paraná, that had 150 000 students just in their distance learning, in the whole country. Kroton paid 1,5 billion R\$ (reais) for it. In general, they are starting to invest more strongly to the big groups of distance learning. Because of the geographical characteristics of our

country, which is to say, Brazil is a big country with big distances, distance learning is a big alternative. It's everything you could imagine, in terms of tools, construction of content you, in my opinion, you have a lot of opportunities. The bachelor program field become more and more full of competition all the time, the big groups are buying a lot. There is now a characteristics, that is happening in the educational world, is consolidation. There are big groups that are buying institutions and forming clusters, big conglomerates. But despite of that I think there's more space for others.

Where I still see having the most space is the life-long education or learning. Why? Because the big mass still has space in the bachelor courses, there are a lot of people that need to do a bachelor. But the courses are expanding. A lot of people go to master courses and continuing studies. This is a big opportunity for me nowadays.

If I had 2 million to invest in Brazil in the education, what would I do? I would invest on master courses and distance learning.

### **Do have a touch on the learning inside organizations? How is it supported?**

There are many initiatives. There are organizations that do there own corporate universities. A corporate university is not legally inside the Brazilian educational system, but it's a structure dedicated to educating company's employees. And those corporate universities do partnerships with other educational organizations. Let me give you an example: *Banco do Brasil* - the Bank of Brazil offers its employees and some clients master programs in distance. Banco do Brasil is a very big company, it's present in all over Brazil. The employees move a lot sometimes, one day they are in São Paulo, other day in another state. How can you do a master program in that situation? So what did Banco do Brasil do? It did a consortium of universities. The consortium formatted the course to themselves, and its members are responsible for certain regions. For example, in the region of Rio de Janeiro the responsible is *UFRJ* - Universidade Federal do Rio de Janeiro - The Federal University of the state of Rio de Janeiro. Here in São Paulo the responsible are *USP* - Universidade de São Paulo - University of São Paulo and *FGV* - Fundação Getulio Vargas - the Getulio Vargas Foundation. In the state of Minas Gerais it's *UFMG* - Universidade Federal de Minas Gerais - the Federal University of the state of Minas Gerais, in Brasília it's *UnB* - Universidade de Brasília - The University of Brasília, in the northeast it's *UFPE* - Universidade Federal de Pernambuco - the Federal University of the state of Pernambuco. The program is opened as a distance program. By law, the only important thing considering a distance program is that the exams have to be done with presence - on-site. And, if the program needs use of laboratory, those parts have to be on-site as well. So mainly only exams have to be on-site. The consortium makes it possible, for example for an employee in Rio de Janeiro who started the program there and got transferred to the Northeast to finish it in another place, in this case in UFPE. And it's exactly the same program all the way through. So there are initiatives like the one of Banco do Brasil that are happening.

There also other initiatives that are for example the following: Santander negotiated a package with *Mackenzie* - Universidade Presbiteriana Mackenzie -

Mackenzie University for a master program inside the organization. The employees study there in the evenings; after they get out of the work, they go to study and afterwards to home. These kind of things have happened as well.

Also programs that are not bachelors or master, but are special trainings, technical or otherwise have a lot of demand in big organizations.

### **Do you know foreign organizations that are in the educational field of Brazil?**

The majority of the big educational groups have foreign, invested money behind them. For example, *Anhembi Morumbi* – Universidade Anhembi Morumbi – Anhembi Morumbi University – is part of *Laureate International Universities*, an American group, strong. The biggest company Laureate bought was Anhembi Morumbi, but they have, I think, close to 30 universities in Brazil. They are present in all over the world, in Chile, in China, I think they have more than 80 educational institutes in the world. They try to work in the differentiation tactics here, although they are not noticed very strongly yet, but is starting to be noticed by now. You can do part of your program in another institution of the same group. But, Brazilians didn't notice it yet as a big difference. Not yet, but they will start noticing. For this reason also Senac is so crazy on partnerships. They want to show that as a difference.

So, there's Laureate that has Anhembi Morumbi and other institutions everywhere in Brazil, in the North, the Northeast. Kroton Educacional is another big group. It and also has foreign investing behind it, I think from USA. *Universidade Anhanguera – Uniderp* – Anhanguera University also has investing behind it. Anhanguera has *Pátria Investimentos* – Pátria Investments. Pátria is a Brazilian bank that has a partnership as an investment from abroad, and who invests is *Blackstone* – an investment and advisory company that is really strong, their capital investment is strong. The opening of this capital made them spread, and today they're the biggest educational group in Brazil. Another big group is *SEB* - Sistema Educacional Brasileiro – The Brazilian Educational System. It also has foreign investment behind it. So, always there's an investment from abroad.

If an educational institute has decided to compete more with quality than price as a differentiation, they usually look for many partnerships, and their type of clients, the students require it. Now, if you look at a university like *Uninove*, which is a big group as well, and 100% Brazilian, if you talk about partnerships to them or their students, they don't think about that stuff. They think about having a studying program that gives a diploma and that they can afford.

Now, there's another issue that is changing the Brazilian market, and that is *FIES* – Financiamento Estudantil – the Student Financing. It's a financing that finances students during their studies, and you have to pay after your graduation. For that more people are able to study in institutions of quality. The organization covers the cost so that the student will have a better degree. Before the same type of student that wanted to study in a university, but couldn't pay. The governmental support is for people with low income. There were people who were in the mid-

dle and couldn't have the governmental support. Now they can get the funding with FIES.

**Do you know about the governmental rules with which these foreign actors enter the market?**

There is no rigid rule, like in many other sectors in Brazil. You just have to look for a company that you want to buy. For buying there's no rule. There is no rule limiting the foreigners enter Brazil. Always, about what the foreigners complain about, are the rules of operation. They have to fulfill regulations, evaluations. But they are still few of them, so it's a good time.

**You have followed us for some time in our projects here in Brazil. Nowing the Finnish culture a bit through us, what would be the biggest cultural challenges between Brazil and Finland?**

I think both sides need more flexibility according to what I've seen. For me it seems the Nordic profile is a lot more positivist and assertive. In that sense you are more on the side of Germans than latinos. So with that there come conflicts of administrating situations. If a Finnish company was buying a Brazilian university it's really important that it puts Brazilians to management, that know the rules and everything. But putting a Finnish person would be complicated. First of all, the Brazilian educational system has many specific things, many private actors, may specific questions, which you have to take into consideration. If a Finnish person takes the role of solving these, he/she won't know enough to do this. If there's a Brazilian specialist doing that, it works. This is the first issue. The second is that the cultural shock is big in Brazil. Working in education in Brazil is something that's not easy, because you have to work with a public, target group that is really complicated, and leading teachers is really complicated. I think this applies everywhere in the world, but here even more. Working with the students is the easiest part.

**Why is it so complicated to work with teachers here?**

It's a question of having a lot of knowledge, and teachers' mental models on what is right and what's the best possible way of working are tight. If you can't get them on your side, you will be in problems. And if they don't buy your idea, it will not work. This is why you cannot do the German style of commanding and demanding: "This is what I want!". You have to build the basis with them carefully, take care that they feel being a part of the process that they adapt. Otherwise it won't work.

So, there's a big cultural issue. If you adapt to it, it's better. The relations of the (educational) sector and the Brazilian people. The issue is not just the national culture, it's also about the culture of the sector. And leading teachers is not easy. It's really important to understand this, you know why? You can have a meeting where everybody says: "We're together, we agree, let's do this!". After these people go to the class room where it's just the person and the students, the teacher does whatever (s)he wants to. And he makes a totally different program than was discussed.

So a company that wants to come to the market has to analyze these things.

**We have noticed that this all takes a lot of time. We have a client with whom it takes a lot of time in the process, but at the same time our problem is that with every so slow, our income as entrepreneurs is not very sustainable, sometimes it's hard to finance the waiting time. So my question is: Is there a faster way of doing things in here, and with whom, with what kinds of organizations or people to do the fast business with?**

This is the million dollar question. I think with Team Academy you have made a big error in going to university education. If I were you, I would do a partnership with a Brazilian person/organization, establish a free school where, instead of university programs you can offer facilitation and coaching of different learning processes, courses for companies. You don't have any regulations for that, you can do your course freely. Programs for executives of companies, for professionals. You make good profit and are do what you want.

**Did we cover everything? We are making these interviews in the form of SWOT.**

Well, opportunities. The size of this country is so huge, and how many people we still have that are not in universities. Without doubt the area that is going to rise up a lot more in Brazil is education. It's a big opportunity. Our educational model is still very classical, new, very different models are resisted often, but there's a lot of opportunity.

Some of other difficulties Team Academy has had is the issue of partnership. Maybe it's a cultural question of what is a partnership for Finnish people, and what is partnership for Brazilians.

**So, what is partnership for Brazilians?**

A partnership in Brazil has to have to possibility to have a win-win situation. If one of the actors thinks that (s)he is getting less out of it than (s)he expected or something happens that (s)he didn't think was correct, the relationship ends. The issue of trust is big in Brazil. The processes have to really well documented, really well agreed upon, because any communicational error, any bump, can cause losing the trust. For Brazilians trust is really important. If you break the trust, the partnership ends. There is no "Let's try again, let's see this again". It's a one-time thing.

**When we earlier talked about the profile of the companies in Finland we are doing this research for, you mentioned something about the decision making processes of educational organizations and the suitable position you'd think for these companies in Brazil. Do you remember what was the issue?**

Aa, I do. What I told you is the following: When you take a private university, the question of result, profit, is more relevant. The owner of the university is really tight on this one. So in order to be successful in this market you have to show the financial benefits very well. If the guy thinks there's no strong financial benefit he won't buy your idea. On the other hand for institutions like Senac, which is semi-public, it's not that the end result issue is not important, but in my opinion it's less than with private universities. I'd try more with this type of organizations, maybe foundations, for example FGV, in institutions of more of that type.

### **What is the positioning here with competition and exclusive rights?**

At least for Brazilians it's clear that I'm paying for a permission to use a product or a brand. I'm expecting from the counterpart to be able to use it efficiently I expect an exclusivity of the use in the region. That's quite common in this country. If I don't have the exclusivity, I don't use it tomorrow, my worst competitor will start to use it, and I will be in trouble. You are sold out of the game.

### **But, so what happens there with the *Babson College* whose courses most of the universities here use?**

But Babson doesn't make partnerships, it sells studying programs and courses. It's not the same thing. What e.g. Senac does with Babson, they send some students to study there for one course, and when the course finishes, it all ends. You are talking about going inside an organization knowing a methodology and empower people in that methodology for the methodology to grow. This is a partnership.

## **Appendix 3. Research interview, Daniel Mitraud**

Research interview

Mr. Daniel Mitraud

Manager of *Santander Universidades* – Santander Universities department. The department is part of *Grupo Santander Brasil* – Group Santander Brazil bank. The purpose of the department is to work in different projects with universities, creating them value and so gaining positive image among the students. They also do direct campaigns to students to use their back services.

Santander Headquarters, São Paulo, Brazil, 18.4.2012

This time, instead of pure themes I did half ready questions that I sent by e-mail to mr. Mitraud, for him to be able to prepare, also as Santander is being accurate on what kind of message they send out. The questions that we sent, in which he refers during his interview, are written down bolded when he clearly changes the subject.

The interview has been translated from Portuguese to English.

### **What is great in the Brazilian education market?**

When we look at the situation of the education in Brazil, the challenges are enormous. The federal government, the president of the country, she has a huge challenge of growing the number of schools, and considering everything, also add quality of these schools. Today, only a small proportion of the young people go to university. A part of about 14% of the youth. Brazil nowadays has approximately 50 million young people at the age of 14-20 years. And we have 6 million young people inside the universities. There's potential to grow a lot more. When we look at the index of young people in the universities, in developed countries as well as in the countries surrounding Brazil, the number is about 30%. So, the challenge of the Brazilian government, the challenge of the education in the country, looking more specifically at the university education, is very big.

The good news is that in the last 10 years the market more than doubled in size. So we have new students entering universities in Brazil, about 1,5 million new students every year. So this gives a point of view of development. I think it's super good news. And when we look at the quantity of the enrolled students, the growth rate is really high. They are already growing 7-8 per cent from one year to another. And today, it's starting to be more stable, it's not growing so much.

And why doesn't it grow so much, this has to do with your second question, **What is not great in the Brazilian education market? What could be improved?**

80% of university education in Brazil is paid, private. Only 20% is in the public university. So there are movements of the government to grow the number of public universities in the country. But, as the Brazilian population is very big, the difficulty of enabling that is very big and requires a lot of investment, and many years. So, what is not good in the Brazilian education market? The fact that it's predominantly paid, and for a student to be able to get in you have to have some kind of revenue from your family to guarantee your income in the university. And nowadays, despite that the country develops, keeps to be moving and growing, we have researches that forecast that some classes under the level of miserable would stop existing in the following years. The priority is still the basic needs, not education. So, there are many young people who want to go to university but don't have resources for that.

And that links also to the opportunities we have.

### **(possible financing for the businesses in the area of education)**

Today, the government uses a line of financing, that's called *FIES* – Financiamento Estudantil – the Student Financing. But, also because of the lack of information the government doesn't manage to shout it out the way they should about that there is exists this kind of program. So many people don't have a lot of contact with the program, so they won't have the financing. There is an analysis made by the government suggesting that the banks, Banco Santander, *Banco Itaú*, *Banco Bradesco*, would start to work as deliverers of the program. Today there are just two banks in Brazil where you can go and ask for such a financing. *Banco*

*do Brasil* – the Bank of Brazil and *Caixa Econômica Federal* – the Federal Economic Cashier. If the government amplifies its line of the financing for the banks, what happens? They gain a lot of power to communication. Because today the financial industry in the country in general invests very heavily in communication. The industry goes to tv channels, to newspapers, the industry is inside the metro system. By all parts it invests a lot to communicate its services, it must be one of the sectors of the country that most invest on this. For this to be enabled, for this type of financing to be possible to do by the banks, there has to be some changes in laws to be done. So this issue is on its way, in evaluation by the government, and we at Santander, as we already are in that market for 25 years, helping students and universities, we have supported the government in the discussion of this.

About the learning inside the companies and institutions. **(Learning inside the companies / big institutions – how is it supported by the company?)**

What we see in Brazil, for the student to become a university student, firstly many times the recruitment and selection of the best opportunities to the universities are done. This is one point. So, the university differentiates when the student enters. And the second point, when the student graduates, there are researches that say that his/her income increases by 30-40% for the reason of graduation. So this is a big difference.

What kind of education or what kind of services of education or learning is required by companies, or institutions need? **(what kind of services of education or learning is bought by companies / institutions in Brazil? How do they buy it?)** This is a really interesting issue. Despite the university education is all the time stronger and developing, there is another front of action that grows a lot in Brazil, which is the vocational education. The vocational education is really structured, really strong in developed countries like USA as well as in Europe. This side didn't use to be that developed in Brazil. So, there are private initiatives, some private educational institutes who dedicate time, strength and resources in creating vocational programs. And we also have the government and public side, e.g. *ETEX* –vocational schools, *ETFs* – *Escolas Técnicas Federais* – Federal Vocational Schools, and other abbreviations and initiatives, where we have the government paying part of costs as a promotion of the vocational studies of Brazil.

Some examples for you: Brazil hosts in the following years two of the most important events in the world.: The (football) World Cup and the (Summer) Olympics. It's difficult to find nowadays in Brazil a taxi driver that speaks English or a waiter that speaks English. Nowadays in the country we have a lack of bakers. If you go for example to *Carrefour* – Carrefour Supermarket, which is a big chain here in Brazil, there is no baker in there. I was talking to a person of the HR department of their and you can't find a baker anymore. Today one of the industries that grow the most here is civil construction. There is a lack of from engineers to mason. When you think about mason, there are some more technical areas like welder. So there's a lack of hand labor work force. So the country lives in a situation of almost full employment, today the unemployment rate is about 5,5 - 6 per cent of the workforce, and according to the economists the full employment is 4,5 per cent. So, practically we live in a situation of full employment. But still, the potential of the growth of the country is so big that there is a lack of re-



sources. There is a lack of engineers, a lack of different initiatives to fill the needs. The president published recently a project called *Ciencias Sem Fronteiras* – sciences without borders. In the project, if you for example are a student of engineering, you can add to your studies in universities abroad. So, there are already 14 000 Brazilian students inside the American and European universities, doing a specialization in a selected place.

So, what kind of type of services does the Brazilian industry need, are more varied services. All the way from the basic activities until activities of management, strategy. The country grows and doesn't have qualified hand labor for more strategic and operational posts.

**(What is good in the environment of the country or of the educational market here? Are there some things in the environment that a foreigner should know?)** The Brazilian schools generally, especially the universities, have a good level of education. They manage to graduate people of a reasonable level, in a good level following the industries. The vocational education is going with more power, because vocational education is professional and technical education, quite focused on the needs. Usually the students go to the work market really prepared, with a really good level of preparation to already take a post. I had a conversation with a friend. I don't know the name of her studies in any language. But it's when you put gypsum to a broken bone arm. And there's a vocational program specialized in this only. When she graduated she was employed in a hospital in less than a month. She just does that, and has a good salary because it's a very specified activity.

So what is good in the Brazilian market today is the absorption of talents. If you have a specialty, you know how to do something good you are easily absorbed to the market.

**(What kind of other foreign actors are there in the area of education and learning in Brazil? And what can we learn of their business or of way they act?)** I think that one thing that we see that happens with the education of the country is that it is being internationalized. There are big American and European groups that have been established financed by private equity and have entered the country with big financial resources. So today Brazil lives a moment of consolidating of big groups of education. Brazil, for example, *Universidade Anhanguera – Uniderp* – Anhanguera University, which is the second largest educational group in the world, they have 400 000 students. There's also *UNIP* – Universidade Paulista – Paulista University, which is also located in the top 10 of the world. And that was possible only because we really have big international resources coming in and they look at the Brazilian education as a potential market.

One thing there is that we need to be careful with is a discussion about pedagogical points of view and concepts. The problem is, the education on this country is often seen as a market, like it was car market or construction market. Truthfully education is not really a market, it has a very special meaning for the country, and is very central for it. So I'd like to take this carefully.

**(How do you see the opportunities for a foreign / Finnish company of education?)** The opportunities are enormous. It's necessary that a group that wants to come here understands things, firstly the geography of this country. We have really big ethnic, social differences according to what region you are in. Generally, the east and the South of the country are the most developed regions. But for example, in the North and the Northeast of the country present a possibility for really big growth and development. So when we look at the facts the government produces about the growth of students and the growth of universities in this country, the places where you have the biggest concentration of new universities is exactly the North and the Northeast. And where you have the biggest growth of the quantity of students is there. When you look at the facts rationally the biggest region of this country is the Southeast: Rio, São Paulo, Belo Horizonte. When you look at the rates of growth they are a lot bigger in the Northeast of the country. So I think that group that wants to establish itself into the country would have to look at, not the big centers, but maybe do a geomarket analysis of the potential regions for expanding itself into it. For example, there is something going on in Bellanda (in the state of Minas Gerais). Bellanda created a really big cluster of industries, a service cluster actually. So there are big centers of telemarketing and some consultancy companies establishing. And it used to be a relatively small city in the state. It specialized in this, and has received from the government an incentive for developing its structure from all points of view to in fact have a cluster of service development in Brazil.

About the rules to enter the Brazilian market. **(The rules for a foreign actor to enter the Brazilian market)** I think this is one of the biggest difficulties. Brazil lives today a tangled time, Brazil has a series of different taxes, of laws that often effect in a way that foreign groups reconsider or don't want to enter the market. In fact this is a big factor, a big barrier of entering. Difficulties in knowing the laws, understanding practicing them and especially the taxation. Taxation is something really difficult in this country.

Considering the cultural differences. **(Diferenças culturais / coisa a considerar com a cultura brasileira)** I think that Brazil is a really flexible country from the cultural point of view. We have big communities in the country, like the big Italian community, and also I think the biggest Japanese community outside of Japan is here. Big numbers of jews, arabs etc. So this mixture of people here, especially in São Paulo, is a growth in São Paulo, an atmosphere, an opportunity, a cosmopolitan atmosphere. What makes it easier establishing a new culture here in this country is the diversity of the culture. I think in that sense I don't see as a big difficulty the adaptation of a Finnish or a foreign group in this country.

Usually Brazilian people are less educated from the public education point of view. I am going to give you a stupid example: In Europe when you go up in an escalator, who doesn't want to walk forward stays on the left and who wants to walk stays on the right side. In Brazil people don't have that habit, they reach this level of education. Another thing of the culture: A metro train opens its doors, and often people don't wait for the people inside to come out and want to go in. So, in the theme of basic education there is to be constructed, improved or developed in this country. And that lack of basic education characterizes the whole society. Sometimes you perceive that lack of education in the universities, all the

way from kindergarten until university education. So maybe that is one big cultural thing between the developed countries and us.

On the other hand, Brazilian people are very accepting and like to hug, to shake hands, to give kisses on cheek. They are people that are very welcoming and that usually adapt really well for new things. We had various different economic problems during the past 20 years, many different economic models, we had a very high inflation, we had preposterous plans from the opinion leader economists. What shaped the Brazilian society was that we created a really big adaptability considering new things and what comes ahead. I think an example of this is the Brazilian usage of social network. If you compare the numbers of network users of Facebook, MSN and other virtual tools, the Brazilians usually are in the top 10 in the world. It's because it's part of the characteristics of the people to make many relations. We are people who communicate, connect, link to each other. So I think that helps a lot as well spreading information of good ideas and initiatives in this country.

With the threats of the environment in the country. **(What are the threats of the environment of the country or of the educational market that a foreigner should know?)** I think in this my biggest worry, or what I think is a point which requires most attention, is in fact the issues of laws, the juridical part and the issues involving taxation. I think that is a thing that the Brazilian government have studied and have engaged to improve. Because in fact it's not something very simple. But, in this country there are many different consultancy companies helping establishing foreign groups into the country and give all the support to enable in this environment.

**If you foresee the future of education in Brazil in 10-20 years, how would it be?**

Brazil has a goal in the next 10 years to double the number of students in the universities. So, it's a market that grows strong and fast, and that will continue growing strong and fast. Together with this the vocational education is gaining big power. The vocational schools nowadays in Brazil don't manage to attend the demand. There are many more students than schools. What prevents the growth of these schools is the limited financial condition of students. The key for the market to continue growing with so impressive rates is the industry or government to expand or create products for financing education. This is the main point.

The second point is that Brazilians don't have a culture of buying services with money. We buy houses, cars, bicycles, tables, stoves, refrigerators. But buying education and paying for it is not part of the Brazilian culture. Another thing that isn't a part of the Brazilian culture, and is very strong in the USA and in Europe as well, is saving money when you have a child or a baby, for when the child in the age of going to university, you'd have resources for his/her studies. And I think one thing that is important is that there is an opportunity in this country for the companies that have curiosity in education, for example companies of education do work more in the theme of finances. The theme of financial education is not yet on the agenda of all the schools in Brazil, not to talk about universities. So, people get employed very early and don't have orientation on what to do with

their money. So, the level of debt is high often. Why? Because there is not culture, there is not education of how to use your money.

**You mentioned earlier the Ciências Sem Fronteiras program. Do you know some other programs that have to do with education, national or regional ones, here in Brazil?**

In Brazil there are two agencies that take care of financing studying, or incentive initiatives for university education. One is called *Capes* – Coordenação de Aperfeiçoamento de Pessoal de Nível Superior - Coordination of Improvement of Higher Education Personnel and the other is *CNPQ* – Conselho Nacional de Desenvolvimento Científico e Tecnológico - National Council for Scientific and Technological Development, which is another government's initiative for the technology area. They are two agencies with an international focus and approach that target in sending Brazilian students to abroad and receiving foreign students, talents, researchers or doctors to this country. So, I think these are two good initiatives that the government has, to increase mobility.

**You said that the foreign organizations could look more outside of the areas of São Paulo and Rio de Janeiro, for example, as big places, but to smaller places, mainly in the North. Do you have some suggestions for alternative, independent cities?**

There are many examples, but I think the ideal in this case would be.. Brazil has a lot of information on the government websites. There is a website called *IBGE* – Instituto Brasileiro de Geografia e Estatística – the Brazilian Institute of Geography and Statistics that takes care of all the statistics of this country. One of the KPIs – Key Performance Indicators of the portal the indicator human development index, income per capita, number of inhabitants, number of young population, in the alphabetical order. So, in that portal you can use some filters and identify, for example, cities with more than 200 000 inhabitants, income per capita more than 6000 reais. These filters used in the search of cities could be interesting.

When I think of education, I think a lot like this. When you visit cities outside of the most residential cities of Brazil, you notice that sometimes the students travel for 1 – 2 hours from their city to a bigger area of concentration where there's a university for them to study in. So it's very common to have inside the universities with a patio full of buses for the people to move to study. One thing that has influenced the movement a lot is the distance education. It has grown a lot in this country. Today we have almost 1 million students doing studies in distance in this country. But there are some programs in which you have to be present, depending on the program you are doing. You cannot do a program to be a dentist or a medicine program in distance, as you would do engineering. You have to have classes in presence. So this is the opportunity of distance learning.

I think it's worth to tell as well that when we look at the public universities, mainly the federal universities in this country, you have an internalization process going on. You don't find any big federal university in big cities: São Paulo, Rio de Janeiro etc. Usually they are in small cities. Or merely in medium sized cities.

*UFJF* – Universidade Federal de Juiz de Fora - Federal University of Juiz de Fora, which is close to Belo Horizonte (in the state of Minas Gerais). *UFOP* – Universidade Federal de Ouro Preto - Federal University of Ouro Preto, Ouro Preto is also a city close to Belo Horizonte. *UFSCAR* – Universidade Federal de São Carlos – Federal University of São Carlos, which is a city in the state of São Paulo. So, we have diverse examples of universities that establish themselves in cities outside of the most residential cities of Brazil.

#### **Appendix 4. Research interview, Cleide Nakashima**

Research interview

Ms Cleide Nakashima

Has worked for years in big corporations in the area of human resources and especially development. Currently she is working in a multinational company in organizational development. This interview she did as a private person.

Frango com tudo restaurant, São Paulo, Brazil, 20.4.2012

#### **What do you think is great in the Brazilian education or educational market?**

I think we have two ways in my personal perspective. We have two ways to see education here. We can find some institutions who are working with education and other ones, which we think are educational institutions, but who are not thinking about education, they are thinking about business. So in my sense we have very good universities right now focusing in education, so how can we produce more knowledge. They are doing research. So that's the best part, I think.

#### **What do you think is not so great?**

In my perspective, considering our politics, our government for example, we are a country in development. So, I think they don't have this mindset. And I think they don't think education is important. So their plans, their actions, they don't think about education. Very bad conditions for teachers. We have very bad public schools. I think this is the bad part.

#### **You have some experience on this. How do the companies and big corporatives support the learning inside the companies?**

It's a good question. I think companies right now, most of them are thinking about and are concerned about education, but not at all. It's because most of them are very results oriented, they are focused on business. And sometimes they forget that education leads to business. Sometimes they are not focused on education, they are just training. And training means that they'll just provide some technical knowledge or behavior knowledge, and sometimes not education. In Brazilian market we can see some companies who are very concerned about education inside. I mean, thinking about sustainable development. But most of

them, they don't. They are just working for today, not in the future. So to day, what my employee needs? What they need is technical knowledge. That's the way they think because by this way, they think that they will get results faster.

**I have two questions now. One is that, what do you mean by education in this case when you say that with technical knowledge providing they did not educate. How do you see education?**

Education is what I consider my reference, but as education I'm talking about more consistent content, in reference to real knowledge. We can talk about a lot of things, but what's the theory? We can start doing something, but maybe some day someone else wakes up and says: "I have a good idea!". And then this person decides to write a book, and then (s)he can sell a book with something that (s)he just have an idea about. My call is that education is not just about the knowledge, but when you have education, you have other important points inside education. It's more than that. Not just having some knowledge but the question is: How is the way that we are forming our students? When I told you some months ago that I really would like to be a teacher, the reason was that I think about how can we share the knowledge, how can we share experience?

I think this is a small part of education because when we are talking about young education. How can we influence in people? How can we make a difference? How can people learn in the best way? We should try to think about education like a good thing or a bad thing, right?

**Another question of mine was: If this is education, then what are the example companies that educate really? Would you know some companies that could be references on this?**

Actually, I have been working in one company, who had a good educational plan. And it's the biggest Brazilian mining company *Vale*. In that time they had a very strong educational plan. It was a corporate university inside the company, so we could have not just about the technical part, but also we had some programs with very good universities outside Brazil, for example with *MIT* – Massachusetts Institute of Technology in the Boston area, USA.

And also here, thinking about education, the previous financial institution, *ABN. Santander* bought them. And actually, I don't know right now in Santander if they already keep their educational plan, but at the beginning *Banco Real* (bought by Santander), *ABN Bank*, they used to a very good educational plan. We could see some very important outputs how they used to work on education in their plan. The way they used to work with education, it was something very special in institutions that time. I don't know how they are working now, because they changed the culture, so right now, I don't know how it is.

Although sometimes, I mean, this concept of corporate universities, it's quite new here in Brazil.

**Do you know when it came, more or less?**

I think no more than 10 years, I think. It's new. Because for example also when we talk about some corporate universities, some companies started to do them because it was fashion having this corporate university. But for example we have a lot of *McDonald's*, hamburger, universities here, it's nice. Also *Habib's*, the Brazilian fast food chain for Arabic food, they also have their corporate university. If I'm a manager, and to me education is important, be sure that I will try to keep this in the culture of the company.

When we start our education here in Brazil, when we start our university, how is our mindset? We don't have many people who has finished a bachelor degree and do a masters degree or MBA or something like that. This is firstly because we are not a rich country, so most of people they just finish the high school and then they go to university, they usually work the whole day and study at night, because they have to work. It's not all the people who are able to have a masters degree or a PHD degree. It's very small population. For example the universities here are doing a very good job. For example my masters degree I'm having here in *Mackenzie* – Universidade Presbiteriana Mackenzie – Mackenzie University, they are a very serious institution. They are producing knowledge, research. It's just a small part of the market, but this kind of mindset is in many places.

Another question you could have should be: Why are you doing your masters degree? Why people choose to do a masters degree? Some people are very aware to the market. They know that if I want to be a manager or if I want to go forward with my career I should do this. Masters degree could different in my profile. Or I start to practice English, I want to learn another language, so I'm going abroad or I'm going to start studying another language. When you see people for example in high leadership in a company, they have a very different profile. And in most of times education makes difference. Oh, I have an opportunity to have an MBA outside.

**So, when you talk about education inside companies or corporations, what kind of services do they buy from outside?**

Thinking about the education, right now they start working with the e-learning. This is not very common here in Brazil, but they are starting to do this. How to do an e-learning process. And also, they do partnerships with universities.

**Where do the universities they make partnerships with come from? Are they national or international universities form example?**

Sometimes both.

**Like when you had the partnership with MIT?**

Yes, in that time when I was working at Vale they made a partnership with MIT because, considering that they were a mining company, they really would like to have a specific business topic to high level profile. So, for example: how to make business in China? They started negotiating for material from China. There's not enough resources in our country so we need to find it somewhere else.

When we are talking about *BRIC*, Brazil, Russia, India and China, most of universities outside: *Harvard* – Harvard University in Boston area - USA, MIT, *INSEAD* – Insead University in many continents - originally from France, they started making some courses for example about: How Chinese make business. So, they start to work with them. That's the globalization, so again, how can share knowledge? The main point is, when companies are looking for universities to make partnerships with, the universities are mainly outside the country. They usually do this because they couldn't find the expertise in Brazil.

**You know a little bit of the profile of the companies we are doing this work for. What do you think the opportunities for a Finnish company in this market would be?**

I don't what's the perfect thing, but as I told you before, I think there are a lot of opportunities. But I think the main point is that you need some advertising. You need to get known. And how? I think you should provide different services. Companies need to know you're different. Why should I buy from a Finnish company rather than from a Brazilian company? What's the point, what's the difference? Are you bringing something new to me? You have to think outside the box. We could find many things from here, from Brazil, but sometimes we tired of all the similar things. "We want some partnership with someone else who work with communication, with contract managing." And sometimes you see it's the same thing. It's good, but it's nothing new. And sometimes, I think, companies need something different and also they need to trust on that. They need to be convinced that the thing will bring some results, outcome. So if you're thinking for example: "What kind of services can we provide for Walmart? Aah, we can provide some training to store managers, or we can provide.." I don't know, what kind of service?

One important thing is that we need to know the client, their needs. You have to do a lot of research, because you need to think about something different you could offer that you change their lives with! You have to start somewhere and you will have natural advertising. People will start to work as a reference to you. If you go to a company, and they don't know you, how could they trust in you? And actually, another thing is, sometimes it would be nice to start in a small business. Or maybe start in a big one? Then you could show the impact. Depends of your services. But you have to know where, because we can start in different parts, but we need to be sure about it. Because sometimes, if you're in a small company, and if you go to another, big one, sometimes you have to act in a different way, a different approach.

And if you're from another country, it's important to keep in contact with the companies from your country in Brazil, because you have the same reference. It's easy to talk to them in a right way.

**You make me remember how challenging in the beginning it was in here. I totally couldn't understand, going to samba party after working day at 10pm, why don't we change clothes at home, because I don't want to go there with my laptop. I didn't have time leave it behind before I left the job. And how can you dance samba until 4am or 6am and still be at work at 10**



**o'clock? And ok, it's a habit sometimes in here, but never in Finland. I was very confused. And my body didn't adjust to that. And I couldn't say no to my friends, they would have been sad or even mad. What can I do? And this is just a simple example of how hard it is in another country.**

**This actually leads to the next question: Is there something about the environment in Brazil that you think the foreign companies should know?**

I would say it's more than environment, it's culture. I think it's important to learn how Brazilians do business. How is the negotiation part. And also administrative things, for example how we have to sign a contract. Legal points that we have here. It's very important.

**Do you have a rule of thumb of how many meetings it takes to close a deal in Brazil?**

It depends on when we start to negotiate. Because most of the companies are very hierarchical. So if I'm a manager and I have my director, my director has a VP. So it's three levels. Probably you're going to start this kind of negotiating with the first ones, so sometimes with somebody from my team or with me. And then, after that I have to sell that idea to my boss.

**Yes, for me it was always difficult because in Finland we usually go to person who can at least partly make decisions.**

Can decide, yes! But here it's not like this, because when we have to hire a company, a consulting company or external consultant, we are talking about budget, and when we are talking about money, it's hard. And also, for example, some HR managers have budget in their responsibility, but most of the time they can't decide by themselves, they have to share the responsibility. Depends on the environment. In my position, for example, right now, I should share with my boss, the director, and maybe, depends of the cost, maybe she can decide by herself. But if it's expensive, we have to share with the Vice President. Then it became more difficult.

You have to understand that when you are hiring another company to be your partner, you need to be sure that you are doing with the right company. It's because we have plans, and we have an objective. I don't have this expertise, so I am going to hire you to support me in this matter. It's up to a situation also.

I think the main point is: How to deliver it? You need to be sure of the way that you are going to deliver. Because if we do this SWOT analysis, I would say that your weakness sometimes is going to be that you are not a local. You are not a Brazilian. So you have to show that you are very expert in our culture. Speaking Portuguese is a very good thing. Sometimes, when you see something, you have to be able to read the situation. It's because if you read the situation in a wrong way you can have trouble. Sometimes a very simple question works, like: "How do you feel about that?" Because sometimes you are thinking something that's totally different. You need to be very secure about the perception when you work

with Brazilian companies. Of course around the world. But the main point is, you still are in a different culture so things can be different.

**I've seen sometimes Brazilians are the kind of buyers that when they pay, they want to see action. They are used to buy. But how do Brazilians see co-creation and collaboration? Are they enthusiastic to collaborate your proposal or to co-criate, or are they more expecting you to do it?**

I think I can't give you a general overview. It depends of the company, it depends of the culture. When we talk about organizational culture it's very different from one company to another. For example, I used to work in Swedish company. I'm sure that co-creation there would be very nice, because people were willing to this, they are very open. I'm not sure if that can work, for example, right now in my current company, because people have different profile. Not because they are low profile, but because they are.. In co-creation, I think, we need some contribution. And today, in my scenario, I couldn't. I don't have this. Most of the people, they are thinking the same way. You know I mean? So, when we have co-creation, I think that it's good to have that diversity.

The Brazilian way of doing business is based on close contacts. It's hard to try to change this contact person within your company, because the contact is very personal. On the other hand, Brazilians love to help you with that, if you're a person they like, they introduce you to all of their friends and connections. Also, you should always do contracts about everything here in Brazil. Don't trust anybody that much that you don't do a contract.

## **Appendix 5. Research interview, Maria Cecilia da Silva Oliveira**

Research interview

Ms Maria Cecilia da Silva Oliveira

Has worked in the past for example for *Unesco* in Austria. Is currently working as a project worker at *Senac São Paulo – Serviço Nacional De Aprendizagem Comercial – National Service of Commercial Learning*, and doing her PhD at the same time at *PUC São Paulo*.

São Paulo, Brazil, 23.4.2012

### **What is not so great in the educational field in Brazil?**

The problem is that our professors and all the structure for improving the educational process is related sometimes to an expense with a private organization.

So, you need to have money to get inside. Even if you think about the private universities: the most of the people that can pay for a good university, they usually invest on high school where they can prepare for the university, and afterwards

they reach a public university. Those are for few people, not for everybody. And this is really bad, I think.

**So, to be able to go to a public university you often have to go to a private and good high school?**

Yes. And it's crazy, for example because many of the private schools that prepare these students to the university are just focused in the test. So, it doesn't mean that they are learning. It just means that they are preparing for three years of their life to a test.

**Appendix 6. Research interview, Henna Kääriäinen**

Research interview

Ms Henna Kääriäinen

Has worked as an entrepreneur and team coach in Monkey Business since 2009, and done projects in Brazil since 2008. Is currently constructing Monkey Business' permanent functions in Brazil.

Santa Cecília, São Paulo, Brazil, 25.4.2012

**What do you think is important to know about sales of being a salesman in Brazil for Finnish companies?**

I should know because I have been doing that kind of thing in here since 2008. I think what is important is that you have to talk with many people. I think that Brazilians are individual decision makers when talking about managers and top management. But, they are collective decision preparers, so to say, they prepare by talking with everybody, everybody. And if the decisions are not taken together in the middle management they never reach to the top management level.

So, you have two options: either you talk with all of the middle managers or you might try to talk only with the top and expect that they are giving a command for the employees to do. Here the command and control system actually is in place.

I think that comes into my mind first. And actually it goes so far when it comes to preparing the common decision in the middle management level that there a lot of money is used for translating the documents - that is actually legally needed - and then also for hiring a specialist for preparing beautiful presentations for the directors. So that the decision will be easier to make. So that the preparation is done until the end so perfectly that it's impossible to say no.

But for me, as a Finnish person, not always working with big companies, it's incredible to see that the company uses its own money preparing presentations for its own managers. As a Finnish person it looks to me like waste of money. But, on the other hand we were talking about this with our partner from a big organization, and the comment was: "But look, my work has an hour price, my work is to

design education, my work is not to do presentations. So If I would do presentations, it would cost a lot because I would use a lot of hours that are priced with my education design price. And so it's then easier to buy from outside." Well, it's an interesting question.

Also the physical environment where you enter is quite different from the Finnish one. I have visited several Brazilian schools, and they all seem to very sterile, reminding me of hospitals. There's not much color, and not much freedom to decorate as you wish.

### **Then, how much time does it take to close a deal in Brazil?**

My first deal took one year. From 2008 to 2009. But I think there it was a case of fusion of two companies that actually slowed it down a little bit for reasons that were not depending of my sales work.

An example I heard from company was that if the conversation started in April, they could do a pilot in August and deliver the job in September. So maybe it was half a year.

But then I think that what we experience that some company called: "Hey, could you have a solution for me for this case?" We say yes, we go and present the things and then we don't hear anything back. They tell us: "We will let you know when we know", but then you might wait for one year or half a year, I don't know. We have this kind of case pending with *Petrobras* right now. And they just told us: "Be sure that this is a big ship, decisions are not so fast taken, but if we decide to use you we will let you know."

This kind of thing obviously is not good for a salesperson. So what I'm thinking here in Brazil would be important would be to have a little bit of small cases aside from these giant ones, because working with companies is really slow. We have experienced it in our project. It's really difficult to be a Finnish, small company that is dealing with a Brazilian big one, because our rhythms are very different. And in Finland we can wait, wait, wait, and probably we don't get anything concrete to happen in one quarter, in like three months. Nothing happens. And then wait, wait, wait. And waiting in Finland means that you have to move your works in Finland in order to be able to travel whenever it's needed. So then it's actually smarter to come here.

One important point we learned with Tommi Oskari Reinikainen who used to work here in Brazil with *Nokia Research Center*. He said to us that it's very important to be present in Brazil. You have to be local. Become a local is what he told Finnish companies. Becoming a local means that you have to have a Brazilian address and preferably Brazilian people working in your company. And you have to be reachable in here, available in here, because Brazilians like that they can talk to you at any moment. We also, we hear at our work, with our partner companies: "Oh, you are near! We can talk with you any time now that you are here. I like this that you are so close and you are here. " This is a value we bring by being in here. Of course it's also an investment from us. So I think you have to be ready to bring someone over or hire some Brazilian to do.

There's one more cultural thing that has to do with the educational world in the university level in here. I think that vocational schools are not so competed yet, because there is some kind of law that doesn't allow so many private players in the field. And we, the companies from abroad, here that they are not so many in that field yet. But in the university field they are. And actually I think that they are competing really strongly. Universities are buying each other, and some of them are afraid of being bought. They are not telling any kind of information about new projects for each other. And this, for a Finnish person, is totally difficult to understand, this kind of exclusive market. But when you make a deal with a university you have to do it exclusively for a certain period of time. It's considered as an advantage in here, whereas I think that in Finland it could be even a disadvantage. And that can be a surprising for a Finnish newcomer.

**Yes, even one university have told when asking an interview, after seeing the questions, that your questions are something that 80 - 90 % of them I can't answer because I would get fired.**

Yes, this was interesting. But then I said ok, it's ok. Actually already that indicates something about the reality in here.