The Critical Reflection as a key element in the improvement of the organizational learning capacity: a case study in a Brazilian organization

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Abstract
This paper analyzes the relevance of having an environment that encourages critical reflection in a way to enhance organizational learning capacity. It focuses particularly on the organization's ability to deal with organizational cross-cutting issues (human resources, information technology, innovation, etc.) on a state-owned enterprise, the Development Bank, in Brazil. Although the bank has a culture of collegiate decisions, it's possible to say that this feature is not enough to have an authentic and public reflection environment due to the power relations influence in the organization's ability to reflect, innovate and learn.

Keywords
Organizational Learning; Reflection; Critical Reflection; Public Reflection; Action-based Learning; Power and Legitimacy; Innovation, Organizational Change.
To my beloved family: Roberta, Renata, Flávia, Paula, Luísa and Luiz Filipe. Because they are the main source of learning in my life

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# Table of Contents

1. **Introduction** .................................................................................................................. 6

2. **Organizational Context - BNDES** .................................................................................. 9
   2.1 Brief Summary ................................................................................................................ 9
   2.2 Food for Thoughts - Some aspects of BNDES Culture .................................................. 12

3. **Culture** .......................................................................................................................... 16
   3.1 A Flavor of Brazil Culture ............................................................................................... 17
   3.2 Leadership ....................................................................................................................... 19
   3.3 Power Dynamics in Organizations .................................................................................. 21
   3.4 Reflection – Learning with practice ............................................................................... 22
   3.5 Conclusions ................................................................................................................... 25

4. **Research Methodology** .................................................................................................. 27
   4.1 Main Objectives .............................................................................................................. 29
   4.2 A Qualitative Approach to the Project .......................................................................... 30
      4.2.1 Interviews Method of Qualitative Research ............................................................ 32
      4.2.2 Data Analysis of Qualitative Research .................................................................. 33
   4.3 Limitations of Qualitative Research .............................................................................. 35

5. **Research Findings - BNDES as a Second-Order Observation** ...................................... 36
   5.1 Institutional Organization Environment ....................................................................... 36
   5.2 Relevant Themes ............................................................................................................ 39
      5.2.1 Decision-Making Process ....................................................................................... 39
      5.2.2 Innovation ............................................................................................................... 46
      5.2.3 Learning Organization Capacity ............................................................................. 50

6. **Discussions** .................................................................................................................... 54
7. Conclusions........................................................................................................................................63

8. Bibliography......................................................................................................................................67

Annex 1 - Organization Governance Structure.................................................................70
Annex 2 - Observation Guide.............................................................................................74
Annex 3 - Interview Guide......................................................................................................75
Annex 4 - Cultural Gap Questionnaire..................................................................................77
Annex 5 - Cultural Research Gap Results.............................................................................80
1. Introduction

The aim of this paper is to present my reflections on organizations’ learning capacity, with a specific focus in the Brazilian Development Bank – BNDES. The organizational learning capacity is closely linked to the ability to create an environment that stimulates authentic and public reflection. On this purpose, true learning is what leads to critically question established structures and practices within the organization.

The critical reflection has some specific characteristics that differ from reflection because it is concerned about questioning assumptions, has a collective focus, has to consider power relations and is related to emancipation (Reynolds, 1998). The focus of the research is the decision-making process, always held by superintendents and directors at committees. Paradoxically, there are difficulties in establishing a critical reflection process in an organization in which all decisions are collegiate.

The idea is to connect two basic concepts, action-learning basis and critical management education, recognizing that true learning must be situated in day-to-day work context (Reynolds and Vince, 2004). These two ideas could be reinforced by the fact that the researcher is a BNDES employee and the aim of the research is to intervene in BNDES´ reality. As Reynolds said, “if reflection does not lead to action, it cannot be said to have been critical” (Reynolds, 2011).

This paper contains seven sections, this introduction included. In the second section, The BNDES is on focus as its main financial and organizational characteristics are described, as well as the company´s historical context and the macroeconomic environment that influences its performance. In this section, I also present my own reflection on BNDES, as I am able to experience the way the management of the company takes place, and use the web culture methodology as a starting point for further observations.
Observations regarding BNDES are the result of my habit of mistrusting company’s deep beliefs and assumptions. Sometimes, certain pessimism may appear, but only by shaking organizational structures it is possible to identify the cultural traits that should be changed so that the bank could face a future in which the market will be more competitive. I recognize that some of these cultural traits have been very important to BNDES so far. However, they may be also undermining important skills needed to confront new challenges.

The third section is dedicated to issues related to culture, leadership, power dynamics, and organized reflection based on the literature. In this section, it is argued that the evolution of these concepts comes from a deeper reflection on experience and the absorption of concepts from the new emerging paradigm. The premise is that this new paradigm brings hermeneutical and dialectical characteristics that differ from the former paradigm, which was characterized by determinism.

In section 4, the qualitative research methodology is presented. The research has three sources: data collected by Human Resources and Planning areas over the past five years; personal observations regarding decision-making meetings through the dynamics of committees, trying to determine how reflective or critically reflective the discussions are; and interviews with directors and superintendents (BNDES leaders) with the aim to check their impressions about authentic reflection and organizational learning. Due to several factors – society’s demand for more transparency, Brazilian government fiscal restraint reducing its resource supply capacity in BNDES, great generational change and significant increase in the number of employees as well as the need for systematization and formalization of work processes - BNDES has been experiencing a period of transition in its management model.

In this sense, it becomes clear that, in a transitional period, there are tensions between old and new models and paradigms both in society and organizations. It is possible to perceive these tensions through the analysis of theories on culture, leadership, power dynamics and organizational learning, which are the objects of section 3.
Section 5 brings the research’s outcomes. These results come from my observations in the committees, data collected from work done by Human Resources and Planning areas and compilation of interviews with directors and superintendents in a way to understand how critical the questions of authentic reflection and continuous learning are.

In section 6, I identify points of improvement, convergence in perception and divergences being incorporated into the collective learning process. I bring to this section the relationship between the outcomes and the ideas in the literature I have drawn.

Finally, in section 7, final remarks are presented. The qualitative research methodology is used to probe what are the possibilities of an effective action to increase bank’s executives’ critical reflection on organizational learning capacity improvement. I also point out some possible future researches.
2. Organizational Context - BNDES

2.1 Brief Summary

The Brazilian Development Bank - BNDES was founded on June 20th, 1952 and it is a fully stated owned bank ruled by a private law. Since then, it has been a key instrument of implementation of industrial and infrastructural policies in Brazilian Federal Government, and the main provider of long term financing in Brazil (it can be considered monopolist in this market). In the 90’s, BNDES was in charge of Brazil’s Privatization Program.

Since the 50’s, BNDES has been required to finance investments i.e. expansion of productive capacity, increasing productivity and job creation. More than just financing investment projects, BNDES has been, since the 90’s, providing support to Brazilian micro and medium-sized companies so they can export and internationalize. It has also performed an important role in innovation and social inclusion policies. Additionally, BNDES has an Equity Company (100% subsidiary called BNDESpar) which invests in stock market with more than 170 companies in its portfolio.

Furthermore, since the beginning of the 21st century, the so-called operational cross-cutting themes (innovation, environment and sustainability) have been gaining prominence and bringing some operational complexity. The following chart presents the dynamics of BNDES growth throughout the time. It also demonstrates that every period new challenge was added up without getting rid of any previous mission (Faveret, 2014).
The following table shows some figures of BNDES in comparison to other development banks.

Observing the role of other development agencies in the next figure, BNDES seems to overlap the missions of these agencies. Within the same organization, BNDES provides subsidized funding for commercial banks, makes investment in stocks, acts as export financing agency (Exim), has a credit card line for micro and small entrepreneurs and is also a big bank that finances large companies from all sectors of the economy and investments in infrastructure (roads, power plants, ports, airports, subways, sanitation, etc.).
There is no doubt that BNDES has been successful in its performance if comparing its results to other similar organizations. Despite the success, BNDES faces many challenges to legitimate itself in Brazilian society. The more the society places resources in the institution, the greater are the demands for transparency and efficiency in the operation of them.

Even though BNDES is considered to be in an outstanding position when compared with its competitors (other Brazilian banks, Development banks and Multilateral Agencies) that hold respected and well-known brands as well as a young and literate labor force, there are, inter alia, some quite important challenges which may be faced in the near future:

- Strength of the economy possibly pushing BNDES into a new role (not monopolist anymore);
- Dramatic changes in the generation´s demands for more opportunities (job rotation policy, job challenging and better remuneration), apparently inconsistent with our inflexible structure;
- Enlargement of the complexity and the size of BNDES operations withal system and process management modernization; and
- Pressure to improve the operations in term of efficiency, altogether to the public auditors increase in demands.
All these challenges bring together organizational paradoxes. Moreover, new times in the macroeconomic environment demand BNDES for additional skills. The Brazilian economy has been recently improving and, in this scenario, the financial market will be able to provide financing with interest rates as low as BNDES does, increasing the competition and pushing the bank into a new role. In order to do this, BNDES has to increase its capacity of reflection and learning in a way to break new perspectives.

2.2 Food for Thoughts - Some aspects of BNDES Culture

An organization that lasts for over 63 years has many qualities and, more than that, has developed the ability to adapt itself over time. That’s how BNDES presents itself. Its history is closely intertwined with the development of industry and infrastructure in Brazil. It seems that the BNDES has fulfilled its mission “cum laude” so far.

In this successful trajectory, the organization has forged a strong culture, characterized by developed beliefs and values that can withstand even in a very hostile environment for investments. For years, BNDES has been the sole provider of long-term funds and, even today, economic agents who intend to enter into the Brazilian long-term finance market seek BNDES as a partner.

This trend is related to a strong and well settled culture. A powerful methodology to understand organizational culture is the Cultural Web, which “shows the behavioral, physical and symbolic manifestations of a culture that inform and are informed by the taken for granted assumptions, or paradigm, of an organization” (Johnson, Whittington, Scholes, Angwin and Regnér, 2014).

Based in Cultural Web methodology, some reflections about company’s reality and some aspects of its culture are presented with "power structures" and "rituals and routines" dimensions as the focus of this paper.
The Cultural Web was elaborated through the author’s experience in day-to-day business and data analyses researches conducted by the Human Resources and Planning areas\(^1\) over the past five years.

**Figure 3 – Cultural Web**

- **Stories**
  - Privatization
  - Golden age
  - Industry creation

- **Symbols**
  - Informal dress code
  - Working groups
  - Mobile phones (blackberries)
  - Hall of Presidents

- **Rituals and Routines**
  - Weekly meetings
  - Independent committees
  - Decision making by unanimity
  - Long Meetings with delay

- **The Paradigm**
  - We are the best
  - We are armour-clad
  - We have the solution
  - “BNDEScentric”
  - We are different/unique

- **Power structures**
  - Presidential
  - Consensus
  - Informal conversations
  - Tension between Credit and Operational areas
  - Silos and Slabs

- **Control Systems**
  - Low level of technology support
  - Excel
  - Word
  - Informal processes

- **Organizational Structures**
  - Hierarchical
  - Many people in management level
  - Sectorial managements
  - Control structure

Some historical aspects forged BNDES’ major cultural characteristics. Among the most important ones is excellence, which has always been associated to the figure of its

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\(^1\) In 2012, due to BNDES 60th anniversary, the Planning area developed a project called Memories, in which a hundred employees and ex-employees were interviewed regarding the BNDES culture and stories. The Human Resources area also made two climate organizational researches in 2012 and 2014 and some workshops with new employees in a project called “Benedenses”.
presidents\textsuperscript{2}. Since its foundation, they have been recognized by market as great Brazilian thinkers. Definitely, BNDES is a presidential organization, made tangible by a hall of presidents’ portraits and by the influence they have on decision-making processes even with the formal decision making process being based on collegiate (Faveret, 2014).

All major administrative and credit decisions are evaluated and decided by two collegiate bodies, the Board and the superintendents committees. Additionally, there is the Planning Committee, responsible for the formulation and monitoring of the bank’s strategy, formed by directors and superintendents (see annex 1 – Organization Governance Structure).

The company also encourages the development of these employees through specialized courses, masters and even PhD’s. Almost 90\% of them are quite literate (under graduation or higher degree).

This concern has been regarded as one of the banks values (Excellence) and is probably one of the strongest features of its culture: the “\textit{benedenses}\textsuperscript{3}” have always been proud of working at BNDES and consider themselves "above the average”.

This excellence is cultivated through the stories told by the older employees. It is very common to hear successful stories, about the country in former decades, in which BNDES plays a central role. Interestingly, even the younger employees repeat these sentences. This phenomenon can be called \textit{BNDEScentered} characteristic.

The dark side of this characteristic is the difficulty in recognizing problems. \textit{Benedenses} always tend to evaluate their performance on the bright side. There has seldom been a negative assessment regarding the performance of BNDES, even in assessments for domestic consumption only.

\textsuperscript{2} Even taking a chance of committing a grievance, I should mention, among others, Roberto Campos, Marcus Vianna, Marcio Fortes, Persio Arida, Antonio Barros de Castro, Edmar Bacha, Carlos Lessa and the current President Luciano Coutinho.

\textsuperscript{3} People who work at BNDES
Three questions associated to the “dark side” of the BNDES-centered characteristic still concern. The first one is the perception that BNDES is unique and special. Another aspect of this same issue is the relationship with society. BNDES is a bank subject to banking confidentiality and also a state-owned company charged to provide information to society. BNDES is, indeed, an organization known for its good reputation. Meanwhile, society has charged it for more transparency. Not because they distrust the honesty of the organization, but because it wants to be able to discuss its choices (and maybe even influence them).

The last matter is the difficulty of making a true reflection with authenticity. If benedenses are the best, unique and special, they consequently lose their "cognitive modesty" (key feature for organizational learning) and easily move into the opposite side, the "cognitive arrogance" (the point in which companies do not learn longer). The environment in BNDES stimulates the behavior of "friendly disagreement" in which any dissent is not clearly stated, but the behavior of dissidents hamper the flow of ideas. The "invisible resistances" disturb the development of the discussions taking too much time to realize the true opinions of those who disagree.

Few organizational aspects (suggested in web culture above) and macroeconomics issues might contribute to the difficulty to reflect with authenticity:

  . To be a monopolist - there is no reason to believe that BNDES will lose, in a short term, (next ten years) its ability to provide credit for longer terms investments as well as lower rates;
  . “BNDES centrism” - the vision that the benedenses have formed an above average professional team gives them a sense that it will be possible to remodel the bank quickly if the monopoly is challenged (again, “cognitive arrogance”) and overcome the obstacles;
  . Silos and Slabs - there is an organizational structure, silos and slabs, in which each area (silos) handles specific issues, something that brings many difficulties in working together with other areas.
3. Some Cultural Aspects

We can perceive culture as an element that gives stability to the organization, representing its deep symbolic world. Existing techniques (like Cultural Web) are always qualitative and indirect and, in order to understand this, a lot of observation, interviews and surveys with employees are required. In addition, you must have the foundation of the social sciences in order to improve understanding of the cultural phenomenon.

In order to better understand what organizational culture is and how it can be managed by executives, some concepts from Anthropology and Sociology can be used. Authors like Clastres (1982), Geertz (1973), Douglas (1985) and Berger and Luckman (1991) have similar interpretative approaches in terms of culture and help us to understand organizations culture. This could be considered a subset of the society culture and we can similarly observe subcultures inside the organizations (in branches, departments or divisions).

There are many definitions for culture but all of them with similar conceptions. In general, definitions on organizational culture “refer to a system of shared meaning held by members that distinguish the organization from other organizations” (Robbins and Judge, 2013).

Culture can be considered as a fundamental element for power relations stability in an organization. However, because they have deep roots, cultural elements often act as strong impedances in the attempts of organizational changes. Thus, it can be seen that there is a paradox in the role of cultural elements because, as well as culture is important to organization continuity, it also functions as a constraint to organizational change movements. Then, culture can also be seen as a struggling process between the status quo and change forces (Petigrew, 1979).

Finally, culture may be perceived as an important issue in terms of interests’ alignment and managers can change the culture highlighting the importance to study it deeply when we are dealing with organizational transformation.
3.1 A Flavor of Brazil Culture

As the organizational culture is significantly impacted by the culture of the country, the analysis of the social context and the country’s culture is essential for a better understanding of the symbolic universe of the organization. Because of this, I have tried to demonstrate, by using the Hofstede model, Brazilian cultural traits that influence BNDES employee’s behavior (Hofstede, 1984).

The Hofstede model is a very interesting approach, since it explains some cultural dimensions of people from different countries. Hofstede described organizational culture as a set of variables that can be measured. Between 1968 and 1972, the author conducted a survey at IBM, which at the time had branches in over one hundred countries. Hofstede selected representative questionnaires from 40 countries by checking some cultural characteristics of each branch.

Figure 4 – Hofstede Cultural Dimensions
Currently, six cultural dimensions are related in Hofstede’s study. These dimensions seen together set out a cultural map of countries allowing easy comparison among them (a form of cross-cultural communication)\(^4\).

**Figure 5 - Hofstede Model applied to Brazil\(^5\)**

This model shows Brazil as a risk averse society characterized by large power distance, low individualism and indulgent to its citizens. These most outstanding characteristics shape the behavior and hence are important features in the organizational culture of Brazilian companies, especially the state-owned ones.

Organizations with high power distance have difficulty in establishing coordination and cooperation mechanisms through the facilitation of the emergence of silos and slabs and the heroic leadership. Both characteristics (power and leadership) will be deeper addressed in this paper considering BNDES particularities.

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\(^4\) The original theory proposed four dimensions along which cultural values (Hofstede, 1984) and over time Hofstede added the fifth and sixth dimension (Hofstede, Geert, Gert Jan Hofstede and Michael Minkov, 2010).

\(^5\) This analysis was taken from the site [http://geert-hofstede.com/brazil.html](http://geert-hofstede.com/brazil.html).
The Hofstede study revealed some interesting results. However, they have some methodological limitations, since the population of each of the subsidiaries is a small, biased statistical sample of the relevant population and might not be considered representative of the local culture.

Another setback is the fact that the questionnaire used was a limited way to measure the complexity of a larger cultural system, as the culture of a country. Finally, the author did not consider the concept of social identity and values linked to the performance of certain professions. Regardless of nationality, people who have the same profession and work in similar organizations tend to have common values that are linked to their job routine (Motta and Vasconcelos, 2006).

Despite these criticisms, the study proves to be able to show some cultural traits of the countries studied, giving a very rough idea of some remarkable features of Brazil.

3.2 Leadership

Assuming that:

. Culture is an interpretative science in which values and beliefs are shared to give people security and comfort in their daily routine;
. It is possible to change the culture of an organization by implementing a process that questions assumptions permeating a given culture; and
. The differences in power give people different capacity to change certain culture. It is essential to study the issues of leadership and ethics associated with management.

Although anyone can influence the construction of corporate culture, chief executives are more active on this construction because they have a better understanding of the context, more visibility in the organization and greater power in the definitions of reality. Nevertheless, what is usually true for the senior executives is not necessarily true for middle managers within organization. However, most of times, people expect that they have those same skills already developed.
In this sense, there is often an exaggerated pressure on those executives so that they are supposed to have an innate ability to plan, decide and execute their actions rationally (heroic leadership). This charge often induces unseemly behavior to the new organizational environment. Due to insecurity and need to be recognized as “in charge of the situation”, providing leadership, the executives stop listening, hiding their deficiencies and acting autocratically (Turnbull, 2001).

In the new and complex competitive environment, it seems that organizations need a new kind of leadership. As organizations have become complex realities, the old leadership theories have become obsolete. These theories moved from an individual perspective to a leadership perspective as complex adaptive systems. Complexity suggests a form of shared leadership that does not belong to a person but rather in an interactive dynamic among all people in the organization (Lichtenstein, Uhl Bien, Marion, Seers, Orton and Schreiber, (2006).

Thus, leadership is no longer only an individual capacity, but a product of the interaction between people, the tension from this interaction and the different perceptions and understandings of this reality. According to Lichtenstein,

“Adaptive leadership is defined as an interactive event in which knowledge, action preferences and behaviors change, thereby provoking an organization to become more adaptive. This definition focuses on change, as many definitions of leadership already do, but also distinguishes between leadership (as a product of interactive dynamics) and leaders (people who influence this process)” (Lichtenstein, Uhl Bien, Marion, Seers, Orton and Schreiber, (2006).

These new approaches are aligned with the need for a new system of executives’ education that incorporates a critical perspective based on the experience and its consequent learning. This critical perspective should not be limited to changes in learning from the experience, but rather challenge existing structures and practices, that is, to question deeply held beliefs shared by the people within an organization.
3.3 Power Dynamics in Organizations

If culture is understood as a web of meanings representing the choices made by people in organization, the power structure can be considered as a result of the many choices made. Somehow, organizations try to establish an appropriate power balance according to its competition model, expressed by organizational structure, which may concentrate power in the higher hierarchical levels or establish a more decentralized power model, which enables more autonomy in operational levels.

The former is called classic bureaucracy and, the second, professional bureaucracy (Mintzberg, 1979). Increasing individual autonomy demands a new perspective from the theory of organizations, because the employee is becoming not only a spectator anymore but also an author capable of influencing organizational culture definitions.

Power can be defined as a personal ability to influence the behavior of a group, and legitimacy means the degree of power within a group. There are three different types of power source (types of domination): traditional, legal-rational and charismatic (Weber, 1964).

The traditional domination is based on the assumption that everything our ancestors believed to be valid must continue to be this way. There is no rational basis. The charismatic rule also has no rational basis, but contrasting to the previous one, it cannot be delegated or inherited because it is directly linked to the individual. Finally, the rational-legal domination is based on legal standards and codes; and its scope is determined by the hierarchy in modern organizations. Regardless of who occupies each position, the performance should be the same since duties and responsibilities are defined rationally. This impersonality is clearly defined by Weber when he says that it obeys the principle of administration without hate or passion.

Of course this impersonality, in practice, is not absolute. On the contrary: it’s connected to the subordinates´ zone of acceptance, i.e. the subordinate tolerance range to accept orders without questioning the authority of those who are exercising power (Simon, 1997). According to this concept, even the rational-legal authority is limited by the area of acceptance.
If the effectiveness of a person’s authority depends on ruled consent, the role of charismatic domination (which can also be understood as leadership) come up as something quite important. Charisma might be able to complement the rational-legal authority, thus increasing the subordinate’s acceptance zone. Even in organizations designed for maximum efficiency, the relationship power, in practice, depends on a "negotiation" between the executive and the staff. This negotiation tends to be more intense in professional bureaucracies compared to classic bureaucracies (Mintzberg, 1979).

However, individuals are seldom in a position to implement the necessary changes to face the organizational challenges. Significantly, challenges are not permanent; and therefore it would be highly desirable to establish an environment that systematizes an authentic and continuous process of collective reflection.

To enhance the organizational learning is quite important to build an environment that enables collective reflections to emerge. This environment is also important in order to allow adaptive leadership appearance. A genuine process of critical reflection has the power to question organization’s deep structures, stirring with power structures. "The transformation of power relations should be central in organizational learning project" (Reynolds and Vince, 2004).

3.4 Reflection – Learning with practice

The idea of reflection is widely spread in the Eastern culture but this is hardly ever seen in the Western society, in which reflection is much less important than analysis and action (Gosling and Mintzberg, 2003).

Time is an important measure for productivity ("time is money") and people feel as if they are losing time when they are not producing (in fact, people believe to be losing money). So, it is valuable for organizations to reduce time in all processes (even decision-making processes). This value is expressed in many metrics once; in general, the less time you take in the organizational processes, organizations consider the better is the result.
As these metrics are incorporated in panels like the Balanced Scored Card (BSC), defining goals to be pursued, the culture of action without much reflection is forged in western organizations. The lack of reflection problem is to build an organizational culture which is quite efficient in responding the challenges and learning with the mistakes made (single looping learn culture), but blind when it is necessary to question the deep assumptions. In this sense, in a world where the competition requires more and more innovation, having deep reflection as a routine is quite relevant in order to build what it called a “double looping learning culture” (Angyris, 1977).

The habit turns the day by day action automatic and unconscious in order to save energy from the organization (the culture construction process). However, this automatism may become quite dangerous when challenging premises and beliefs is more appropriate. In a strategic decision-making process, it would be useful to set up a process of critical reflection.

This different approach would take the company to be more aware, in a position to really learn with experience. Reflection on action produces learning. Facing new times requires increasing the number of employees as reflexive practitioners. The companies should foster an environment that would allow new ideas to flow, even if they might challenge the status quo.

Indeed, challenging premises involves being brave and touching deep-shared beliefs, which consequently make the environment uncomfortable for the people in organization. The real learning process comes with some pain because, most of the time, it forces people to reinterpret the reality and re-build some aspects of it.

Reflecting more deeply is uncomfortable for members within organization because they challenge the cultural elements who advocate the status quo. At such times, the change-continuity tension appears disguised in a speech pro organization values and beliefs.

While system 1 is automatic, unconscious and intuitive (fast), system 2 is conscious, rational, controlled (slow) and should be used in moments when reflection is primordial (Daniel Kahneman, 2011). The real learning process is only possible if the organization decides to slow down the decision-making routine bringing out the system 2.
Considering the characteristics of both systems, it is necessary to recognize that these efforts for learning involve leadership, trust and authenticity. The role of the executives is imperative while forging an environment where learning becomes a process and there is no fear to shake current knowledge.

It is essential to change the way of understanding the education of executives, incorporating, in addition to formal training (undergraduate and graduate), the importance of developing "an action-based learning from a critical perspective". For critical perspective, this approach emphasizes "the value of questioning and challenging existing structures and practices" (Reynolds and Vince, 2004).

However, how can we reflect on action and what is a really good reflection? According to Raelin, "reflection is a practice of periodically stepping back to ponder the meaning to self and to others…" and only with public reflections (through dialogues and conversations) the organization can enhance learning "beyond the team level to other levels of experience - individual, organization and society" (Raelin, 2001). In this same vein, "critical management education implies an interest in reflecting and acting both collectively and publicly in order to learn and change" (Reynolds and Vince, 2004).

Mezirow classifies three levels of reflection: content, process and premises. While the first two levels are important for learning, the third level demonstrates high maturity in decision-making processes by which, according to developmental psychologists, "only adults are able to identify paradigmatic premises of their thoughts and culture" (cited in Raelin, 2001). Thus, the organization that manages to establish a process of reflection on this third level reaches a high level of maturity, consequently being able to better compete in the market.

People have to be brave to question themselves in a hermeneutic-dialectical paradigm full of conversations and reflections instead of actions. People also have to build trust relationships being authentic. In this sense, authenticity is attempting to behave in ways that present to be congruent with one’s own moral ideals and one’s own ideal self (to the best of one’s abilities), and to reflect critically and honestly on these ideals and on one’s own behaviour in the context of the relations with others.
Under this perspective, learning is a living process in which the organization should read the new contexts and develop process based on dialogues. When the reflection process becomes a habit (institutionalization of learning process), the organization becomes able to wonder about moving from **reflection on action to reflection in action** (Schon, 1991).

While **reflection on action** comes from the skill of looking backwards and learning from mistakes in order to avoid them the next time, **reflection in action** leads an organization to another level of execution because people develop the skill of reconfiguring the work while are working on it. The setting of action-based learning “*is social, it is situated in work and it is possible to subject reflection and learning to critical questioning in context*” (Reynolds and Vince, 2004).

### 3.5 Conclusions

The organization culture can be considered, to some extent, sub-culture of the country where this organization is located. Or, at least, the country's culture has a strong influence on organizational culture. In this sense, the most important characteristics of the Brazilian culture should be regarded with magnifying glass.

According to the Hofstede methodology, the power distance index reflects a society that believes hierarchy should be respected, inequalities amongst people are acceptable and, in companies, there is one boss who takes complete responsibility. The individualism index shows that people are integrated into strong, cohesive groups that proceed to protect its own members in exchange for loyalty. In business, it is important to build up trustworthy and long lasting relationships.

The uncertainty avoidance index demonstrates a strong need for rules and elaborate legal systems in order to structure life as well as the difficulties in following these rules. To deal with this, additional rules are made, hindering the employees’ autonomy and processes changes.
By putting these characteristics together and adapting them to organizational context, it can be observed that Brazilian organizations appreciate the charismatic leadership (requiring loyalty from subordinates), employees have little initiative (and little autonomy) and organizational processes are quite formalized in standards and regulations (making it difficult to comply with so many requirements). In Latin culture countries (such as Brazil) there is a strong training of "Evangelist" leaders instead of "Critical Thinkers" (Turnbul, 2001).

In this organizational environment, the power distance and excessive formalization of the process hinder authentic reflection whereas the presence of trustworthy and long-term relationships favors learning. No feature is crucial to improve organizational learning capacity, but understanding these characteristics can make the action of the executive easier. Organizational culture is shaped according to the way people in the organization are able to manage these features enhancing the existing talent. Many of these features can be observed in BNDES.

BNDES is currently being demanded for more transparency in its operations, threatened in its monopoly on long-term financing market in Brazil, pressed into deploying more agile and reliable processes and challenged by a major generational change occurred in recent years.

Facing the challenges, the senior management apparently understood that more spaces for reflection are necessary and, in early 2015, indicating the need for a more qualified reflection process, set up some sub-committees to expand employees knowledge in organizational cross-cutting subjects (human resources, information technology, processes change, innovation, etc.).

However, existing structures bring light to the fact that organizational learning is focused on the individual instead of the group (similar to Fairness Plc in Vince, 2002). Thus, this paper attempts to map the extent to which BNDES culture (in the dimensions of leadership and power structures) favors the organization of a reflective, perennial and public process, with the authenticity required to implement the changes that are necessary.
4. Research Methodology

With the end of the Roman Empire in the Fourth Century, Western society plunged into the Middle Age, a period when humanity enjoyed the mystic contemplation of nature, with clear dominance of spirit over matter. During this period, it was not surprising that the Catholic Church was the strongest institution. The relationship with God and nature was so respectful that intuition and meditation had overshadowed rationality.

The Western philosophic thought started being consolidated in the fifteenth century, with the Renaissance\(^6\). The Cartesian thought (Descartes, 2011) introduces the analytical method that would come to influence Western society in different areas of knowledge (art, science and philosophy). "I think, therefore I exist" sums up its idea. In his famous book, he proves the existence of God through rationality. Also important for the development of Western philosophical thought, Francis Bacon consolidated scientific methodology and relevance given to empiricism and, because of this, is often called the founder of modern science (Bacon, 1998). From this period, the man started believing to be possible to "dominate and control the nature."

The scientific thought was responsible for deep changes in the medieval structures and in the transition from Feudalism to Capitalism. If the Middle Age period was characterized by overvaluation of meditation and intuition, on the other hand, Renaissance was characterized by valuation of rationality in the Western society. Religion and imaginary became less noble knowledge because the science study object became the substance, not the spirit.

\(^6\) The period was featured by transformations in many areas of human life, signaling the end of the Middle Age and much of the Modern Age
As Western thought was being consolidated, the man moved away from God and nature. Mankind lost contact with its origins while establishing utilitarian and mercantile relations among nations. The predominance of rationality provided a fantastic technological development (and it is undeniable that there has been great progress in this area) and consequent economic growth. However, the humankind has become less symbolic, believing that its contradictions could be easily solved without much reflection, according to the belief that happiness could be achieved by satisfying the senses.

Initially, the social scientists were also influenced by logical positivist paradigm and attempted to apply the instrumental rationality to social reality. With time, however, it was realized that dialectical thought was more appropriate to this type of object of study. The hermeneutic dialectic paradigm seeks the synthesis of apparent paradoxes, favoring the coexistence of differences. Unlike the empirical method, the dialectical one emphasizes the understanding of the meaning. The analysis of natural phenomena is not its purpose. Thus, the dialectical method (or Qualitative Research) focuses on human history and society transformation. For this reason, it leads to reviewing the past in the light of the present and, therefore, challenges the present to assist in building the future.

It is also interesting to point out the particular character and unique research based on the dialectical hermeneutic paradigm. There is no standardization of how to prepare the research and it’s not recommended generalizing the results obtained in a given search. This concern is well expressed by Keen (cited in Hycner, 1985):

> "unlike other methodologies, phenomenology cannot be reduced to a `cookbook´ set of instructions. It is more an approach, an attitude, an investigative posture with a certain set of goals".

This methodology focus on individual’s experience in an event, a situation or a phenomenon, and the sense they take from it. For the purpose of this paper, I am interested in the range of different ways the same phenomenon (e.g. decision-making process, dealing with new ideas, participation in committees, etc.) is experienced by different people.
Gephart also said that

“while much of the quantitative method might be underpinned by a positivist, normative or functionalist paradigm, qualitative methods might be informed by all possible epistemological positions, including those traditionally associated methods” (cited in Symon and Catherine, 2004).

Then, the epistemological assumptions of this research may be designated, among others, as follows:

- It integrates theory and practice;
- It works with contradictions and mediations, beyond the scope of classical logic;
- It involves critical and self-critical spirit;
- It aims the transformation of the organization, from the qualitative analysis of non-quantifiable phenomena;\(^7\)
- It does not separate the subject from the object; and
- It aims to develop action-based learning.

### 4.1 Main Objectives

Given to what I have written about BNDES and the ideas from the literature, I have selected to focus on organizational learning, in an attempt to verify the reflectivity degree of committees members (directors and superintendents) and the resulting benefit of this capability in their learning as a working team and, consequently, in the organizational learning capacity. Regarding the executives group functioning, the research envisions to better understand the dynamics of the main decision-making committees.

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\(^7\) A survey based on hermeneutic and dialectic paradigm, reinforced by the fact that I am part of the BNDES executive board, assumes that the interaction between the researcher and the other employees may induce a deeper reflection environment, enhancing an organizational change process.
I reflect self-critically about the research process itself by understanding to what extent it influenced my learning and actions. I also reflect about the contribution of this research to executives’ performance improvement. The purpose here is “to develop propositions for a critical approach to managers’ learning and the form it should take, as an integrated aspect of work-based action”, in managers’ day-to-day working context (Reynolds and Vince, 2004).

Another objective is to analyze, in terms of critical reflection, the evolution of the strategic planning process that has been being performed for 8 years, perceiving its evolution through the eyes of executives who took part in it.

Finally, the most important objective is to identify the characteristics that can lead BNDES to improve its organizational learning capacity in a collective sense. Although the BNDES is an organization with 63 years of existence, it goes through a time of great challenges and needs to develop new skills.

As a BNDES employee, I’ve tried not to restrict myself only to observing the dynamics of the organization, but rather to performing a second-order observation. According to Niklas Luhmann second-order observations are social or psychic systems capable of observing themselves in their day-to-day operations. Second-order observations constitute a key concept in Luhmann’s theory of social systems because they underline the systemic constitution of meaning and understanding; meaning and understanding are not necessarily and automatically produced in social systems but when opportunities for second-order observations emerge (cited in Styhre, 2008).

4.2 A Qualitative Approach to the Project

The qualitative research holds three main axis: the data collected by Human Resources and Planning areas over the past five years; Observations of mine, produced during decision-making meetings through the dynamics of committees, with the intention to perceive how reflexive or critically reflexive are discussions; and interviews with directors and superintendents (BNDES leaders) verifying the way they face authentic reflection and organizational learning.
The first axis will be used as the environmental background in which the BNDES currently lives. This set of data will be constantly mentioned as subsidy for my observations. This data was also presented in the section on BNDES.

**Participant Observer**

The second axis of this research has some interesting aspects. For four months I set out to carefully observe the meetings of Credit and Management Committees, trying to identify how critical are the reflections occurring on these committees and how decision making is affected by these reflections. However, at all times, in addition to being an observer, I had an important role in this process, as one of the superintendents responsible for these decisions.

I could experience what the eminent American investigative social researcher Jack Douglas pointed out: "when one’s concern is the experience of people, the way that they think, feel and act, the most reliable, complete and simple way of getting that information is to share their experience" (cited in Waddington, 2004).

This participant observer role brings some emotional difficulties as well as ethical issues. As everyone has been warned that I was preparing an academic paper, there was some difficulty in maintaining a balance between my role of participant and observer. This difficulty arises in many ways: from taking notes of what is happening to, at times, being self-critical about my own ability to critically reflect on the issues discussed and also refrain from using information collected in interviews with superintendents. In order to facilitate my observations and make them more objective, I wrote an observation guide (Annex 2).

Another important point is the way to analyze the obtained data. I used a dialectical data analysis procedure, always trying to understand the reasons of the decisions taken and the context in which these decisions were made. Sometimes I talked to some superintendents about their perceptions about the dynamics of the committees.
There are also ethical issues involved in this axis of research. Sometimes, there were dissonances between the behavior of superintendents in the meetings and the answers given in the interviews I conducted with them (third axis of this research). In those moments, I could not confront this contradiction to induce a different reflection.

**Interviews**

The third and most important axis was the interviews I’ve conducted with the superintendents and directors of the BNDES. Thirty-three interviews were conducted (25 with superintendents and 7 with directors and with the President) using the script in Annex 3.

I would say that the set of interviews can be characterized as realist and phenomenological (King, 2004) since I could compare the insights gained during interviews with documents, researches already done and observations in the committees (Realist Interviews). I also had to work out my ability to put aside my assumptions about the phenomenon under evaluation (Phenomenological Interviews).

**4.2.1 Interviews Method of Qualitative Research**

I’ve been working at the BNDES for 22 years and I’ve also taken part of the Credit and Management Committees for the last 10 years. Therefore, many respondents are also a friend of mine. I set a strict discipline during the research process to extract as much information as possible. The construction of this process was relatively simple since the focus of research had already been matured during IMPM course (International Masters in Practicing Management) and can be divided into 4 stages (King, 2004):

- Defining the research questions;
- Creating the interview guide;
- Recruiting participants; and
- Carrying out the interviews.
Assuming that organizational learning is essential to an organization’s survival and it depends on a favorable environment for authentic and deep reflections, I built a questionnaire (Annex 3) that sought to capture the perceptions of directors and superintendents on the dynamics of the most important committees: Credit Committee and Management (superintendents), Board (directors) and Planning Committee (both).

The questionnaire addresses the dynamics of decision-making and discusses how critical and reflective are the speeches of executives in decision-making meetings. I divided the interview into two parts: questions about the decision-making process of routine matters and on strategic issues. After the interviews, I also asked each one to fill a quick research on cultural gap (Annex 4). This research helps to assess what is the existing cultural gap today (in the perception of senior management) in the chosen ten dimensions. I could also cross some findings from interviews with this research.

The criterion to invite executives was choosing those who, by their rank, influence the dynamics of the meetings and have greater capacity to influence the BNDES culture. Finally, the interviews took place as planned; I tried to keep a dynamic focused on the topic in question without being diverted to other matters.

4.2.2 Data Analysis of Qualitative Research

After collecting the data, I tracked the following steps:

. Analyze the data;
. Outline the themes; and
. Address the findings.

All interviews (except the one with the President) were recorded and, although I used all of them, I chose the 10 more representative interviews and transcribed them. During the interviews, I tried to observe non-verbal communication as much as possible. After the transcripts, I listened to the interviews and re-read the transcripts with care in a way to put aside my premises and assumptions about the theme. Note that I am, at the same time, interviewer and colleague of interviewees. In some occasions, the questions referred to situations that both witnessed (interviewer and respondent) enabling possible embarrassment in the responses.
Another important aspect in data analysis is listening to the interviewees in the mood to apprehend what is being said with the sense of the whole, perceiving the intonations, hesitations and some contradictions that appeared during the interviews. In some cases, I returned to some respondents and clarified some doubts about their positions.

It is quite important to say that when analyzing the data I worked across the questions I’ve asked people rather than using the interview questions to structure the analysis.

From the data obtained, I have outlined some relevant themes that address the research questions. I could observe that some important issues had appeared recurrently. From the extracts of the interviews, I was able to group three themes that somehow address to my main question: what is the BNDES executives’ capacity to create an environment of authentic and profound reflection?

My findings is structured as follows:

a) Three themes (Decision-Making Process, Innovation and Organizational Learning Capacity);

b) Additionally, for each theme, I detail my findings linking them to the theoretical framework shown in Section 3 and with my explanation of what the theme comprises. I also show extracts from the data to illustrate the theme – and any sub-themes – with my commentary, and

c) Finally, I selected from my interviews some examples (as illustrations) of reflective and non-reflective decision-making or discussions.

The themes were determined by their recurrence in interviews. Some of them, although not explicitly an object of questions, were brought explicitly by interviewees indicating they are relevant to the organization. Some examples were:

. The difficulty of BNDES to deal with the emergence of new ideas;
. Low tolerance for risk-taking;
. The perception that the decision by consensus is more important in the Board of directors than in superintendents’ Committees, because of the existence of external auditing bodies.
4.3 Limitations of Qualitative Research

There are several criticisms regarding the methods of qualitative research. The first and most common is that it is not "scientific" by not being replicated as the natural. Although the replication will never be perfect, a good qualitative research can address recurrent issues in organizations generating insights that can be used by managers to understand their specific problems. Although the results are not as objective as the natural sciences, there is a reasonable degree of similarities in the situations studied in the universe of organizations. After all, in every company there are people working.

Another criticism regards the accuracy of the descriptions given by research participants. This criticism focuses on the difficulties people may have to remember the experiences as to report them properly, especially when the experience occurred long ago. Another factor that can undermine the accuracy of the description is a possible defensive action of the respondent in a deliberate attempt to hide facts and details that he considers somehow discreditable.

Finally, there is the perception that the researcher may have influence at all stages of a qualitative research (making observations, in the interviews, when analyzing of data, etc.). Indeed, the assumptions of qualitative research are very different from research in the natural sciences. While in the natural sciences there is a clear intention to obtain objective results replicable without the influence of the researcher, in qualitative research there is a dialectical relationship between the researcher and the researched object. It’s important to notice that, even in the natural sciences, the independence of the researcher has already questioned in some cases. In quantum physics, the researcher influences the observed object (particles). In phenomenological research, the concept of objectivity is trying to be as comprehensive as possible to understand the phenomenon analyzed (Hycner, 1985).
5. Research Findings - BNDES as a Second-Order Observation

This section is divided into two major blocks. The first is related to institutional organizational environment experienced by me during research; and the second one concerns to findings on the dynamics of the committees and to the answers of respondents, based on my observations. I subdivided this second block into three relevant themes: Decision-Making Process, Innovation and Organizational Learning Capacity.

I also illustrated some emblematic situations through case studies I think they represent the most important findings of this section.

5.1 Institutional Organization Environment

Based on climate survey results (conducted by the HR Area) and the response from superintendents and directors to the applied questionnaire during interviews (Annex 4), it is possible to describe some important aspects of the current institutional organization environment.

Moreover, based on the interviews and my own observations of the committees’ dynamic (Management, Credit and Planning Committees), it is also possible to point out some findings which can influence the organizational learning capacity.

Superintendents and directors believe that the organizational environment has not fostered deeper reflection opportunities regarding important issues. This idea was summarized by a superintendent as follows:

"The decision-making process is time consuming and bureaucratic, and the consensus reached is often forged because power relations influence it too much."
Deepening this analysis, I could realize that the word “reflection” was seldom mentioned spontaneously by respondents and, even when this occurred, it seems to me that its concept is different from what the literature calls “critical reflection” (Reynolds, 1998). In this few spontaneous mentions, reflection is closely linked to individualized perspective and problem-solving activity (Nicolini, Sher, Childerstone and Gorli, 2003).

At BNDES, reflection is commonly associated with observing and learning from experience. "We should systematize case studies in order to not repeat the failures and spread the good management practices" was a response of a superintendent, when asked about improving the ability to reflect on the organization, that clearly exemplifies the other interviewees same opinion about the matter. Paradoxically, some others do not believe in the method precisely because, according to a superintendent, “BNDES´ employees have huge difficulty recognizing their mistake”. Another curious point is that the case studies mentioned below in this paper are known by all and the organization has struggled to internalize the learning arising from them.

It can be observed in Annex 5, concerning the Cultural Gap Research, that there are no significant differences between the perceptions of directors and superintendents in the 10 surveyed dimensions. There is a significant coincidence in how the two groups of executives perceive the Existing Bank´s Culture and how they believe it should be Appropriate by BNDES´ culture to face organization’s future challenges.

However, there are significant differences between what directors and superintendents understand to be the appropriate culture versus the existing one. For purpose of analysis, averages (existing culture and appropriate one) with differences smaller than one unit were not considered an important gap. The dimensions with a variation greater than one may indicate that there should be a management action in order to change the status quo, and some possibilities are:

- Integration of units - further integration between its units, stimulating work between teams and therefore reducing silos;
- Tolerance to risk - create an environment where there is a stimulus to innovation of products and processes and the emergence of new ideas;
. Reward criteria - develop an evaluation model that regards the performance as its most important aspect;

. Tolerance Conflict: create an environment where people can express their ideas more freely; and

. Open-System Focus - develop work processes that have the customer needs as the main element of the bank's action.

The BNDES monopolistic reality has allowed the organization to develop a culture less concerned about customer needs and an environment with lower stimulus for innovation running at silos base. Additionally, people work long into the organization inducing a workgroup environment with low tolerance for conflict and a reward criterion based on seniority and relationships.

These same features can be perceived in climate research applied by HR area (there is a great adherence between the perception of senior management and employees in general). Among the ten dimensions studied, the worst grades were for Reward Criteria and Promotion, Innovative Environment, and Management Style.

The detailed analysis of the climate survey also demonstrates that people understand that decision-making is centralized; people creativity undervalued and work excessively controlled. The management style hampers communication between bosses and assistants and communication between company and employees is poor.

Finally, according to both surveys, it was diagnosed that BNDES should implement actions aimed at creating an organizational environment more prone to innovation ideas, processes and products, improving the reward system (not only the remuneration but also excellence recognition) and the work process recognizing the need to improve the integration between the work units.
5.2 Relevant Themes

I divided my findings from the interview data into three groups: Decision-Making Process, Innovation and Organizational Learning Capacity. Specifically in the first theme, this research focused on Planning Committee (superintendents and directors), Credit and Management Committees (superintendents) and the Board (only directors).

Additionally, there are two important aspects relate to the relevant themes, which are decisions by consensus and productive and frank discussions in committees.

5.2.1 Decision-Making Process

For the purposes of this research, the interviews considered that Board and Management and Credit Committees are related to routine decisions while the Planning Committee is the strategy discussion locus.

For all respondents, the decision-making process with two hierarchical levels is essential to the bank’s protection against external political pressures. However, the same respondents also recognize that the extension of this model has caused delays in the decision-making process to all matters.

“The decision-making process should differentiate the complexity of the issues and their impact within organization, establishing different decision-making levels according to them”, said a director.

Credit and Management Committees

Despite some concerns, respondents consider the decision-making process for credit approval appropriate to the objectives of BNDES, although some of them complained about the excessive centralization on the Board for all credit transactions. BNDES could establish different decision-making authority levels.

However, there is recognition that the dynamics of the Credit Committee is quite good, providing an enabling environment for reflection on financial transactions. According to respondents assumption and as a superintendents said “credit discussions on Credit Committee are frank, productive, and suitable for decision-making”.
Most superintendents think Credit Committee has a very specific driver (credit), developed methodologies (the assumptions are quite well established) and members with similar level of knowledge. Because of this, it is considered the most appropriate forum for reflection and decision-making.

“The topic "credit" has more organizational maturity than others”, “Credit committee is more focused on a single and known subject” and “the Credit Committee routines are established and quite well known by its members” summarized a superintendent.

The same perception does not happen in the Management Committee. Respondents reported a huge difficulty in establishing a frank and productive discussion and, according to them, there is no deep reflection. Acknowledge this idea, a superintendent said:

“Subject matters are too much diversified and the great number of members hampers meeting coordination”.

In addition, the matters are complex (organizational cross-cutting issues like IT, HR and organizational structure) and knowledge among committee members is very heterogeneous. Superintendents also complained about great numbers of last minute matters.

I often noticed superintendents checking their emails in the middle of the meeting and showing lack of interest in debate. Another factor noticed was the high presence of substitutes, indicating that the superintendent prioritize other activities. Very often, the subjects discussed were not deliberated due to very divergent positions about a better decision.

The diversity and complexity of the subjects and excessive participation of some superintendents (especially those more seniors) seems to intimidate the newest members. This idea was reflected in a superintendent’s words, as he said:

"Sometimes there is no time to study the matter and I'd rather not give my opinions. I do not criticize the superintendents who do it, but I do not feel comfortable talking about issues that I do not understand so well."

I could witness, during the interviews, many superintendents who do not have a proactive role in the Management Committee disclosing good level of reflection on relevant topics to BNDES.
Thus, superintendents were very direct asserting that the decision-making process for the complex issues of the Management Committee was not adequate.

These difficulties are enhanced on strategic issues.

"I have the perception that the more important the issue, the less time we have to discuss. Commonly, these issues are in the end of the agenda, when members are tired and squeezed by the little time remaining until the end of meeting. Not to mention that these issues are often presented in the last minute agenda. It seems strategic to hinder the further discussion", said a Superintendent.

The interviewees understand that this Committee needs general reorganization in its form and content. During the research period, these discussions were initiated, but still in a very timid way.

**Board of directors**

Speaking directors generally said that the BNDES´ decision-making process is quite suitable mostly for routine decisions (although some of them have expressed the importance of reestablishing decision-making competence for minor issues). A director reported,

"An approval process in the committees is essential, so that the Board has confidence that the matter was scrutinized by several teams. It's a matter of ensuring compliance".

All directors have a particular concern about compliance because of the external auditors and, because of this, they understand that the matters must be subject to approval by Credit and Management Committees before coming to the Board.

Directors consider that the discussions in the Board meeting are frank and productive, and with good level of reflection. However, one of them said, “the Board does not set a strategic agenda, but leave this agenda appear by the directors”. I also listened from the President:

"I miss a space where a freer debate would be possible, especially in supporting innovation, which I consider an important issue for the economy. Sometimes, I allow a less objective debate in the Board, expecting new ideas to arise".
It is very common for superintendents to substitute directors at the Board meeting. During the interviews, I could observe that, from their perspective, the discussions on the Board meeting are very formal. A superintendent said:

"In terms of openness and depth of reflection, discussions in the Board are poorer than in the superintendents committees. In committees, I perceive greater confidence among members, probably because they have been working together for years."

I could also observe different worldviews between Board and Management Committee. “The Board has a more accurate Political vision (with a capital P) when compared to the committees” said a Director. Another said: "Superintendents should develop a greater awareness of the country political process" while a third one, annoyed with the constant disagreements between the Board and Management Committee, said directly that the "Management Committee should end because it is too technical and adds no value to the Board decisions."

**Planning Committee**

Regarding the Planning Committee, there was unanimity on the difficulty establishing a deeper reflection environment. "Actually, it is not a Planning Committee, but rather an informational meeting on strategy implementation" is a statement made by a superintendent representing the idea of several interviewees.

The difficulties mentioned by respondents are related to the committee’s size (34 people), to a large and diverse agenda and to a directive coordination that inhibits the emergence of contradictory ideas. Summarizing the superintendents’ opinion, a respondent reported that “Definitely, the debates are not frank and productive” and a Director said:

“The executives think less in the organization, focusing on solutions to the problems that impact their own area. Sometimes I think the agenda is long for the available time in order to prevent any deep discussions of the themes. Not to mention the last minute matters.”
In addition, the planning process is centralized and do not stimulate a more effective participation from other levels within the organization. The meetings format does not favor reflection (directors and superintendents in the same space). Communication is poor and the process was restricted to monitoring indicators such as the BSC, while it could address most important strategic issues. A director, comparing the current strategic planning processes to the one in the 80s, said a statement that summarizes all that,

"We used to have an old bicycle but we strolled around the world watching the landscape. Nowadays, we have a 30-gears modern bike, but only we ride indoors. We do not have a deeper reflection on the various important issues that impact the growth of Brazil and therefore affect the mission of BNDES".

This difference in both planning processes can be seen in the case study "Changing the structure - Creating the Credit Area" shown in the following. This case was told by another director during interviews and shows how the bank was able to plan and execute complex actions on cross-cutting issues in the past. The organization was less hierarchical and had less controlled processes.

**Consensus-basis**

Consensus based decisions are a striking feature of BNDES culture. To the directors, they are essential due to public external auditors and also to maintain the Board cohesion. "If the decision is not unanimous on the Board, I prefer not to approve it", said a Director.

In fact, in this matter, there is a clear divergence between the superintendents and the directors. Superintendents understand that the search for consensus is important, but there are limits in this quest. Otherwise, productivity declines and the process is emotionally exhausting. "The search for consensus becomes the goal itself often leading to a worse result mainly on routine decisions", said a Superintendent.

For superintendents, routine decisions should not require a major effort regarding the decision on consensual basis. "Only in strategic decisions, consensus should be sought, with a limit of time for discussion", said a Superintendent. The building of consensus in such cases would increase people’s participation in the planning process and improve organizational maturity.
Building consensus is especially painful in decisions involving organizational cross-cutting themes. In fact, the organization has often been unable to recognize the differences and overcome them. The search for consensus becomes a repetition of arguments without the solution of the conflict.

An example of difficulties in dealing with cross-cutting themes can be observed in the case study "New Career Plan - the cross-cutting issue" that follows. This case study is an example of the difficulties that the organization's decision-making model has to solve its deadlock.
New Career Plan – a Cross-cutting issue

In 2010, the Board decided to create a new plan following the best practices valuing autonomy, technical leadership and problem solving capability. The process began with the negotiation of the concepts of this new plan with Federal government and, in 2011, it was first presented to the Management Committee, to the Board of directors and to the employees. Some observations and disagreement were identified, but the conceptual model was informally approved.

The Human Resources area detailed the model and, in 2012, when the detailed career plan returned to approval stage in the Board and Management Committee, some behaviors were observed. When confronted with the details of the new career plan, several directors and superintendents requested more modifications. However, the new amendments suggested would modify the initial conceptual model approved. In that moment, some executives realized that the new plan introduced some innovations that challenged the organizational culture. If HR area accepted all changes, it would alter the conceptual model that seemed to have been approved previously.

Facing this impasse, Human Resources area agreed with some modifications, but began having difficulty to approve it at the two forums. The resistance seemed to be technical but, basically, the dispute gained the power arena. As the new plan proposal had also been negotiated at the federal instance and with the employees, there was no possibility of simply not approving the proposal.

Cultural resistance was disguised as technical propositions and a frank and deep reflection on the true causes of discomfort never happened. There was a standoff among Board, Management Committee and the Human Resources (which was in favor of the approved initial model). Over time, the Union increased the pressure on the BNDES approval. Over two years, the decision-making process was painful because the discussion was superficial.

Suddenly, in September 2014, the Board approved a career plan with very little adherence to the initial conceptual model presented in 2010. The Management Committee did not examine this matter. By July 2015, this new career plan had not yet been implemented. The plan was approved, but the cultural resistance is still present.

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8 For more information, see Faveret, 2014
5.2.2 Innovation

At first, Innovation did not seem to be a relevant theme. However, during the interviews, this theme appeared very often. Although BNDES is experiencing a period of great pressure by modernizing its processes, introducing new products and redefining its own role, many superintendents understand that the organizational environment hinders the emergence of new ideas.

“BNDES does not prevent the arising of new ideas, but does not stimulate its development. We have huge difficulties in thinking differently, and accept solutions ‘out of the box’”, said a superintendent.

Whenever confronted by new challenges, BNDES has responded in the same way: working groups are formed with representatives of the areas involved and seek a minimum consensus so that the solution tends to the average opinion. The decision-making process is similar, no matter the nature of the organizational problem. This process has not been working very well, especially when it is related to cross-cutting themes.

"Innovative Environment suggests a high risk tolerance environment because to implement innovate means, first of all, to take risk”, said a superintendent. Another one believes that the low tolerance for conflict prevents people from expressing their ideas clearly.

"How can you expect people to have new ideas whether any idea threatens some existing feud, the organization prefers to stimulate consensus and does not encourage the development of this new idea?” A superintendent said. Another stated that “consensus, first of all, is a dictatorship of the minority because one or two people change a decision and the best behavior, for many, is just agree with the minority in order to accelerate the decision-making process.”.

It’s important to remember that climate survey also indicated that one of the worst evaluated items was exactly "Innovative Environment". Employees indicate difficulties in identifying significant leaders within the organization, a false consensus culture (for the organization rewarding the lack confrontation) and a perception that a behavior based in the absence of daring and exposition is the successful one, creating a culture of paralysis by fear.
Also corroborating this question, the answers to questionnaire responded by executives (Annex 3) shows that there is a consensus on the need to increase tolerance to the conflict and the propensity for risk-taking.

Another issue raised quite frequently was the rigidity of the organizational structure and the distribution of scarce resources: people and technology. The rigid organizational structure inhibits the movement of people and the correct allocation of scarce resources adhering to the new challenges. Difficulty in moving the employees in organizational structure reinforces the maintenance of feuds.

"A rotation policy among executives would improve employees´ ability to question standards established by increasing the organizational capacity for innovation", stated a superintendent.

Most respondents see executives´ rotation as a key policy, that would stimulate a superintendent corporate vision that would decrease, over time, the formation of silos. For some interviewees and according to a superintendent:

"Innovation and silos are antagonistic concepts. An innovative collaborative environment needs a network structure. The challenge is to create an environment that encourages cooperation among employees."

Ability to innovate is also a key concern for the President. He understands that new challenges will demand the bank a new way of working. For him, not only the Planning Committee should be able to produce a creative space.

"The bank is very conservative in all levels. I understand that the organizational structure does not allow a free and speculative debate. It is necessary to create a space where power relations do not stifle the creative force", said the President.

In the same vein, some superintendents understand that BNDES should create less hierarchical forums, challenging more employees who have an excellent training and good judgment capacity. "We have no ability to listen to our own employees. We should developed this skill", said a superintendent.
The case study "The Processes Integrated Management (AGIR)" that follows illustrates some difficulties that come from a hierarchical structure trying to deal with an innovative idea. The idea of deploying process management from forming working groups, keeping intact the existing silos, proved to be quite frustrating.
The Processes Integrated Management (AGIR9)

Since the 90s, there was a diagnosis that indicated that BNDES should modernize its processes and IT systems. The main problem faced was the resistance of the areas in changing their own working processes, although there was automation perspective. As the organization was little integrated, each area had developed its own modus operandi, hindering integration. It was an organizational cross-cutting problem.

In 2005, as a result of 2004’s strategic plan, it was decided to create an area (AGIR) to implement the process management at BNDES. This area would be responsible for leading the organization to a change, introducing a culture of process management and developing new IT systems. It was considered the most innovative and challenging project that BNDES had ever faced. It’s important to notice the methodology used: IT area would remain in charge of old systems – maintaining them -; and AGIR area would develop new systems in cooperation with other areas. These areas would temporarily send some employees to AGIR (called functional people) to form working groups in order to development support. The whole process would take five years. To carry out this work on schedule, there was strong outsourcing and an increase in quantity of IT professionals (from 110 to 300 employees).

Ten years later, the project wasn’t over yet. Everything regarding only AGIR, like renewing all hardware and building a safe room, was done. However, the systems development and the changing processes have been far short of what was expected. Systems, which depended on a specific area, were developed with great difficulty. However, the working groups didn’t work well and no one was responsible for the delay. When process integration and systems development involved several areas, the project stalled. Very little has been done.

In fact, many aspects of feudal organization can be perceived. A project aiming processes integration started creating a silo responsible for this goal. However, as the integration of processes threatens the status quo, the entire organization boycotted (unconsciously) its implementation. The IT area has been never integrated with the project, creating two distinct IT cultures in the bank. AGIR itself has become a silo responsible for a change that did not occur. The solution adopted was to integrate the entire organization through the creation of a silo (AGIR) and the formation of inter-area working groups (functional people). Of course, this solution did not work well because when conflicts demanded a decision, the search for consensus tied the process. BNDES didn’t give AGIR the most important resource: conflict resolution mechanism. Nowadays, BNDES is rethinking the project.

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9AGIR is the acronym in Portuguese of Management Integrated Resource Area. In Portuguese, AGIR means also “acting”, establishing a notion of movement.
5.2.3 Learning Organizational Capacity

At a first superficial assessment, an organization of 63 years has clearly demonstrated good ability to learn. However, the state-owned monopolist company situation can hide difficulties in assessing real organization's learning capacity.

BNDES most striking feature is its self-image excessively positive outlook. Quite often Excellence, as value, turns into arrogance.

Socrates\textsuperscript{10} said, "I just know that I know nothing and, knowing this puts me at an advantage over those who think they know something", showing that cognitive modesty is an important condition for the ability to learn. Then, the first step to leverage organizational learning capacity is to recognize the need to always learn (cognitive modesty) and not be afraid to challenge established assumptions (look for the causes of problems).

Some interviewees believe that the BNDES should systematize its learning. One of the methods mentioned by many respondents would be Case Studies, in which the bank's experience would be written and cataloged. However, many argued that applying this method would face an immense difficulty from organization to recognize mistakes.

"The difficulty applying the Case Studies in BNDES is proportional to our difficulty in recognizing that we make mistakes. We often distort the facts to soften bad results", summarized a superintendent.

Another said that this method is not suitable because it is too much structured for an organization that already favors the formal structure. According to him, to leverage organizational learning,

"BNDES should stimulate best practices forums and knowledge sharing, copying the best practices in other companies". However, "The “benedense” always think BNDES is unique and special, and therefore has difficulty in recognizing external benchmark."

\textsuperscript{10} Socrates is considered the father of philosophy
Another expectation of improving BNDES learning ability was the recent creation of sub-committees at the Management Committee for organizational cross-cutting issues (IT, HR and Management by Processes) because it was considered that a small number of Superintendents could better discuss these issues before Management Committee approval. It’s clear that small groups behave and perform in very different way (Nicolini Sher, Childerstone and Gorli, 2003).

The expectation of most Superintendents is that the sub-committees can configure a space of greater reflection on the cross-cutting issues, as they believe that fewer members will foster a deeper debate. One of them told me:

"The sub-committees are important because they will be able to shed light on controversial and significant issues. Debates will be most outspoken in these spaces".

Other superintendents understand that the sub-committees can help building the consensus, especially on strategic themes. A dissonance could be observed in this regard. Part of respondents believes that the sub-committees will be more useful in strategic matters. Others point out that the importance should be in the discussion of both routine and strategic matters. Another group of respondents are concerned because they consider that the superintendents already have many responsibilities and their performance can be impaired by the excessive number of sub-committees.

However, even those who are optimistic about the sub-committees are afraid of these structures to harden even further the reflection process. The directors also had the same concern.

"We have to be vigilant in order to prevent these sub-committees to be just another hierarchical level in the structure. They have to be able to give a different dynamic in the reflection process", said a superintendent. “We have a lot of committees and sub-committees. I fear the time for superintendents is scarce and the performance of the areas decreasing”, stated a director.
The interviewees also understand that a superintendents’ rotation policy would help organizational learning since it increases the degree of superintendents’ knowledge concerning the organization and it can also help to reduce the formation of silos.

They also find it relevant to enhance the level of discussions in Management Committee, in a way to reach the level of the Credit Committee. Some respondents said,

"The perspective of the executive to move to a different area should induce a more corporate behavior once this executive could be affected, in the future, by the consequences of the decision taken."

Although respondents have not shown great affinity with the concept of critical reflection (thinking related to problem solving), there is a general perception that the discussions in Credit Committee are more frank and productive than in other committees.

Finally, the Planning Committee hasn’t been mentioned as an important locus of deeper discussion at all. The majority of respondents believe that the coordination of this committee is very directive and it seems that there is a fear of leaving the frank discussion flow. There is a perception of an excessive control in the planning process. “It is a top-down process”, a director said in respect of strategic planning processes.

Indeed, critical reflection ability and organizational learning are two sides of the same coin and excessive control undermines the confidence of members on the organization making it difficult to create an authentic collective reflection.

In the case study “Changing the structure - Creating the Credit Area” that follows, it is possible to see how a smaller and more flexible structure can make decisions and implement them more quickly and effectively. At the time analyzed, the organization was smaller and more informal and there was a climate of greater trust among its members.
Changing the structure - Creating the Credit Area

In the middle of 80s, BNDES’ credit portfolio was not very healthy. The default indicator was high as a result of the economic crisis in which Brazil was plunged since the beginning of the decade. Several loans were unrecoverable and, in many cases, BNDES had to convert loans into equity, taking over some companies. BNDES culture was to finance good projects, focusing on the analysis of the project's ability to pay itself and not on the company’s credit rating. When the economic crisis set in, many projects were more fragile than they seemed to be when analyzed.

At that time, there was no Credit Area. The bank received the request for funding by the Planning Area and, if accepted, they would forward it to operational areas to analyze the project's ability to pay itself. There was no Credit Area and no responsibility for assessing the company’s rating. In the middle of the 80’s, bank's executives began a period of reflection on profile of loan portfolio, trying to figure out the reasons for poor results since BNDES was considered a paradigm of project analysis in Brazil. After a period of reflection on the issue, the Board decided to begin the privatization process of companies controlled by BNDES and create a Credit Area whose function would be to assess the rating of the companies when claiming funding. In addition, they made a major change in credit granting process.

The bank's board has assessed that it was necessary change the culture of BNDES moving from project analysis to companies' credit analysis. In order to change bank's culture - migrating from simple analysis of the project's finance feasibility to also analyzing the financial strength of the company -, the Board replaced from the Planning Area to the Credit Area the responsibility to evaluate the pertinence of financing the project and send it to operational areas. Furthermore, no project could be submitted to the Board without the company’s rating, given by the Credit Area.

The Board's decision was complete: there was an assessment of the need to change processes that hit the organizational structure and the assignment of responsibilities. Segregation of duties was also important to force the interaction of areas. Credit culture was created without losing the ability to evaluate projects. Today, 25 years later, the credit culture is well established and the Credit Area shares the power of decision to the operational areas of the bank.

In 1988, based on the results of strategic planning process, BNDES launched the Competitive Integration, indicating the importance of Brazilian companies in entering the international market competitively and, in 1990, the bank was chosen as the Brazilian privatization program manager.
6. Discussions

From the questionnaire, interviews, climate surveys and my observations, some additional assumptions can be made about the functioning of the committees and an organizational capacity to innovate and learn.

One of the four characteristics that Reynolds (1998) suggests to define critical reflection is the focus on social rather than the individual. BNDES already has a public decision-making process in which all decisions are collegiate. However, discussions on these collegiate bodies still seem to lack of authenticity.

**Committees and Board**

There is a dissonance between directors and superintendents perceptions regarding discussions at Board meetings. Directors consider them frank and reflective, an opinion not shared by superintendents who often participate in those meetings as substitutes. In their opinion, the Board is more like a political forum where the interests are rather divergent (all members are assigned by the Brazilian President), making most discussions superficial. I strongly agree with this and I consider that there is a quite high power distance between the two collegiate (Board and Committees).

At Credit Committee, I think that trust between members and their conceptual alignment favor frank, objective and in-depth discussions. Although I agree that Credit Committee provides better conditions for frank and productive discussions, I think that, by its nature, there is no room to challenge assumptions. It’s important to note that the decisions taken on this committee affect only the area responsible for that specific operation. In general, there are no cross-cutting issues under discussion.

In fact, there is a preliminary alignment of superintendents stemming from specific theme (credit), such as knowledge among members and a clear responsibility of these members on their duties. With these features, the superintendents developed a mutual trust environment enabling a better dynamic.
These characteristics are not present in other committees, although members are the same at the most of them. A possible insight would be the need to better define the operating rules of the Management and Planning Committees, the responsibilities of its members and negotiate a prior strategic alignment on issues to be discussed (which occurs in Credit Committee). According to a superintendent in the Planning Committee, "it is very common for us to start discussing the choices (how?), without reflecting on the assumptions that guide the decision (why?)".

I guess that the difficulty in establishing a more reflective environment is linked to agenda control during decision-making process. Last minute matters, crowded agenda with main issues left to be discussed at the end of the meeting and the restrictive coordination also hamper a debate with deeper reflection. Maybe these facts are deliberate strategies to avoid the deepening of the debates, especially in Planning Committee. The communication between the Management Committee and the Board, when there are disagreements, is quite deficient, creating several misunderstandings that reinforced my guess.

Specifically in relation to the Planning Committee, the dynamic is also hindered by the fact that two different hierarchical levels (directors and superintendents) are in the same table discussing issues. It means that we were not able to build a trust environment. Sometimes it seems that the Planning Committee has become a pseudo-democratic environment used to legitimize decisions already taken, generating apathy and cynicism of its members (Vince, 2002). I was able to witness some superintendents having, in committees (power arena), a performance very dissonant of the ideas expressed in the interviews.
I think there is a paradox between the culture of collegiate decisions and one of the main characteristics of the thinking, which is the public reflection (Reynolds, 1998). This is a necessary condition, but it’s not enough. Even though the BNDES decisions are collegiate, the matters of emancipation and power relations seem critical, especially in the Planning Committee, where coordination is considered very directive by superintendents. Also according to Vince (2002), "the push for control is driven by the idea that to make decisions individually is easier, particularly in terms of time and accountability".

Although there is a tacit agreement among executives that decisions should be taken by consensus, its construction generally doesn’t proceed because of low trust between the parties and the difficulty in establishing a genuine dialogue environment in which power relations don’t really prevail. In fact, in many cases a false consensus is reached.

The Planning Committee should be the locus for discussion on the bank’s strategy and therefore a more reflective place in the decision-making process. Thus, it is paradoxical to realize that this committee has a bureaucratic momentum while the Credit Committee, which should be the most bureaucratic (for it is a more technical subject), has a dynamic able to produce better reflections.

At BNDES, similar to Fairness Plc (Vince, 2002), there is still no organizing process to induce a dynamic public reflection challenging established assumptions and power relations. Similarly to that company, there is an environment in BNDES that favors control instead of innovation. There is also a tendency, facing any challenge, to create formal structures. The recent creation of sub-committees (early 2015) is an attempt to improve the level of reflection within BNDES.

However, it is interesting to assess whether this movement formalizing a governance structure is not conducive to fragmentation of responsibilities and accountability, as it was perceived in the UK Healthy Authority. In fact, a key ingredient of this initiative would be “the recognition of the centrality of the distribution of power as a critical aspect of all organizing process and especially those concerned with development and change” (Nicolini, Sher, Childerstone and Gorli, 2003).
Innovation

In a state-owned organization, that favors rigid hierarchical structures and has a high power distance (Hoffstede, 2010), stimulate innovation of processes and products is a huge challenge. Indeed, the consensus culture and the difficulty in aligning the interests at the bank's areas encourage a behavior of "seeking a known solution for new problems", as said an interviewee.

Although none respondent has addressed the issue more explicitly, power relations have an important role creating an environment that stimulates new ideas. Innovation, ultimately, is closely linked to critical reflection because an innovative organization has the courage to question assumptions and to empower its members (Reynolds, 1998).

Although the search for consensus is important as a process (attempt to embrace the largest possible number of ideas), this procedure, pushed to the limit, imposes excessive delays and gives too much power to the individual. The consensus-driven process masks the differences and inhibits innovative processes, which feed from the different opinions (Reynolds and Trehan, 2003).

Another feature that hampers innovation is the tendency to form working groups with people who represent areas. In these groups, people defend existing interests that, in most cases, are against the innovative idea. This strategy was pushed to the limit with the intention to fight against the silos, creating a new feud (see the case study AGIR).

I could hear from interviewees that executive rotation policy could enhance innovation capacity. By working in various areas, the executive could experience situations from different angles and would be able to better understand the other problem. In addition, with the perspective of rotation, executives would be more forgiving since they may be experiencing the impact of collegiate decisions. The discussions could be more frank and it would be easier to build an environment of trust, essential to increase risk tolerance.
Unfortunately, although the rotation policy is almost a unanimity among the superintendents and Board (including the President), the organization has not been able to implement such practice. The feudal structure itself subliminally prevents such a change. Apparently, there is no process currently focused on the modification of power relations (Vince, 2002).

Although people rotation policy could reduce the propensity in silos formation, I think it is not sufficient. The difficulty in innovating is the result of an organization that values heroic leadership, in which it is assumed that an area has all the resources needed to create. Paradoxically, the formation of working groups reinforces the feuds, since these groups represent areas (and therefore existing interests) and there is no incentive to take risks.

It seems urgent for the organization to develop the idea of encouraging its executives to exercise critical leadership that not only seeks to improve the company performance, but to challenge the legitimacy and effectiveness of prevailing patterns of thought and action (Ford and Harding, 2007).

Leadership is also culturally connected to formal authority. In BNDES (where the formal power, President and directors may be changed every four years), it seems that an adaptive leadership would be essential to keep the system stable and also make deeper reflections possible. It would be quite important to build a leadership system, which is a product of dynamic interaction.

It is quite interesting the concept that “learning from experience in a collective setting recognizes that people learn from and co-construct ideas with their peers” (Reynolds, 2001). In this sense, the superintendents are the group that has to play this game, because all of them are part of a stable and permanent group.

Thus, in an adaptive leadership system (Lichtenstein, 2006) in which the group, rather than the individual, is valued; there should be more space to the emergence and development of new ideas increasing the systematization of BNDES innovation capacity. Instead of charismatic leadership (heroic), BNDES should develop leaders capable of learning from their peers, of collectively building knowledge and encouraging the power structures work cooperatively to maximize the results of their actions (Reynolds, 2001).
Organizational Learning Capacity

BNDES has a decision-making structure based on collective decisions, stimulating the debate. It also has a structured strategic planning process, which in theory should encourage debates about the future of the organization. Thus, BNDES has a culture of collegiate decisions that, at first glance, is the embryo of a structure that would favor public and critical reflection.

However, some cultural traits prevent a reflective environment. The first is the cognitive arrogance of the group, hindering a broader look at the problems. There is always this strong assumption among employees that BNDES is a unique organization, not to be compared with others.

The second important cultural trait is the feudal organizational structure (classic bureaucracy) that hinders cooperation in finding solutions to cross-cutting issues (Mintzberg, 1979). Each unit tries to maximize its results no matter what, even if the result is worse than it could be if there was more collaboration among the parties.

Although BNDES understands that the sub-committees could be important locus of reflection by having fewer members and greater ability to focus on a particular issue, I have some skepticism about that. The sub-committee model reproduces the feudal logic (one representative from each area) and does not advance on the assumption that decisions must be made by consensus.

It is very interesting what a superintendent said about formation of groups representing all areas:

“I would rather not participate in IT and HR decisions because I have no interest in these matters and I recognize that there are superintendents who have a better understanding about them.”

The third cultural trait is the consensus decision-making process, inducing a very low tolerance for conflict. Executives avoid clearly exposing divergent views since the organization does not have conflict resolution mechanisms. It might be explained by the fact that employees work for long periods at the organization (25 to 30 years) and repeatedly participate in committees. There is a tendency to avoid winners and losers in the discussions and the consensus is the way how it occurs.
The last relevant question is related to the concept of reflection. Taking the classification of technical, consensus and critical reflection (Reynolds, 1998), BNDES’s executives relate this concept with the first two classifications. Reflection is always linked to problem-solving ability (technical reflection) or consensus building, always respecting the cultural assumptions (practical reflection).

The difficulties in establishing a critical reflection environment come from the established power relations. Although the BNDES’s decision-making process always has two hierarchical levels (committees and Board), there is tacit influence of directors over superintendents’ committees. It is always very difficult to have a free debate in committees when one knows which final decision the Board desires. This difficulty appears in superintendents’ committees and harder, in the Planning Committee (directors and superintendents together).

At these meetings, the power relations are exposed and it is clear the low degree of autonomy that superintendents have. In addition, the meeting directivity inhibits broader discussions with the objective of evaluating other possible courses of action. It can be noticed that the leadership policy reduces the performance of the team, demotivating members of the group (Kayes, 2004).

Another remarkable feature that prevents critical reflection is the absence of discussion about the assumptions that permeate the organization. Currently, BNDES has been questioned by society on several fronts, but has been unable to critically reflect on its own mission in society. If there are any more acute questioning, executives prefer to attribute criticism on the ignorance of those who are questioning.

Not to mention the issue of monopoly that is primarily responsible for the outstanding performance of BNDES over the years. However, "benedenses" often assign to the staff excellence this good performance. This arrogance also hinders organizational learning.
Additionally, I could point out two dilemmas to be faced. It is necessary to build an environment capable to cope with future changes while BNDES is still monopolistic. The bank should be aware all the time that its monopoly will finished sometime in the future and it must start remodeling itself while it still has a comfortable situation. BNDES has time to change but, exactly because of this, it seems that it may not change (no short-term pressure).

The second dilemma stirs deeper values: the Excellence. Employees should understand that excellence and humility have to walk shoulder to shoulder in order to be more effective. We should not allow our main competitive advantage (people with high qualification) to be the source of our difficulties ("cognitive arrogance" do not let us develop reflective practitioners).

According to Cunliffe (2004),

"for reflexive learning to work, managers and leaders must be prepared to challenge and to be challenged with regard to mental both models they have and the historical basis of their competence".

Instead of “cognitive arrogance”, employees should change their attitude. Executives must change their mindset developing management based on genuine dialogues without being afraid to challenge taken for granted values. This change of attitude bothers and is appointed by Cunliffe as the great difficulty to be overcome,

"(...) in practice it is disorienting and deeply humbling, because our old mental models were the keys to our confidence and our competence. To be a real learner is to be ignorant and incompetent. Not many top executives may be up for that."

In order to improve organizational learning capacity, I consider it essential to foster a cooperative environment between areas by stimulating an ongoing process of critical and authentic reflection. Therefore, it is necessary to challenge existing power relations indicating a new kind of desirable leadership in the organization. The new leadership should encourage the coexistence of differences and, instead of giving solutions, be able to ask the right questions and challenge the team to seek new possibilities (Vince, 2002). In this model, the consensus should be sought as a way of involving people in the decision making process and not as an end itself.
Finally, BNDES should add to its collegiate decision culture more autonomy to employees developing the notion of accountability and incorporate into its strategic planning process space to challenge some of its assumptions. It´s important to notice that accountability implies the need to encourage the engagement of people promoting a real "empowerment from the bottom up, innovative and flexible strategies" (Nicolini, Sher, Childerstone and Gorli, 2003).
7. Conclusions

The society has demanded more transparency and control by state-owned companies, besides agility in its operations and better quality services. In this scenario, it increases the importance of a more effective strategic planning process. This paper recognizes that the concept of critical reflection is essential to develop a strategic planning process improving BNDES capacity to face the challenges ahead.

Although BNDES decision-making process is based on collegiate decisions, it is clear that this is not a sufficient condition to settle down a critical reflection process once power relations hinder this process. The exaggerated search for consensus and the centralization of decisions do not encourage frank and open discussions. Instead, the organization favors the rise of evangelists (Turnbull, 2001) who prefer to comply with the guidelines of higher hierarchical levels without much critical questioning. Even when the collegiate realize that the decision may not be the best, there is the encouragement of the decision-makers cynical behavior, since the organization focuses on low tolerance for conflict.

In addition, the Excellence as a deep value of "benedense" culture often presents itself as "cognitive arrogance", preventing an environment where it is possible to question the organization's most entrenched assumptions.

Moreover, the monopoly takes away from BNDES the sense of urgency and importance of the changes that can shake deep beliefs and values of the organization. It is also important to point out some strengths of the organization as high-qualified staff, a strong ethical culture and excellent financial strength. Nevertheless, it seems it is not sufficient.

The research shows that executives have a similar diagnosis of organizational problems but have difficulty to implement actions that address these issues, probably because these actions stir the power relations established. It is very common for executives to act in disagreement with what they verbalize to be the correct way of acting. In power arena, the defense of silos interests often overrides the interests of the organization.
Power relations impose an invisible difficulty although the formal system is quite adherent to the theory. Decision-making levels (committees and Board) should operate independently and sub-committees are locus where issues should be evaluated in depth. Participation in many of these sub-committees is franchised to employees in order to capture different views. However, research shows employees recognize that, in practice, this system may not work properly. There are much more “evangelists” than it is desirable.

The research also shows that power relations seem to be the main focus to change the "status quo". The difficulties are related to centralized and directive committees coordination, exacerbated search for consensus in the decision-making process and overvaluation of the heroic leadership style. It is necessary to implement actions that address these issues.

In this vein, actions identified as the establishment of a rotation policy for executive and the creation of sub-committees, although not sufficient, are good attempts to start a process of change in power relations. Additionally, superintendents understand that decision based on consensus is not always required, which opens a possibility to have a deeper discussion about this issue.

I think these policies are important but not enough. The real change should be reducing the number of superintendents in decision-making forums, improving the committees´ ability to make decisions, so the meetings of the Planning and Management committees would be more productive. Consequently, the level of department heads could be strengthened as well.

It is clearly necessary to move the bank’s power structure by establishing different decision-making authority levels, giving more responsibilities to lower hierarchies (a reduction in the number of superintendents favors the department heads level empowerment). A cultural shift toward greater accountability of people and rewards for innovation and risk taking behavior should be stimulated. Autonomy is a key element to be inserted in the organization.
It is also essential to establish a strategic planning process capable of challenging assumptions and deepest values of the organization verbalized by senior managers such as "all decisions should be taken by two committees," "it is necessary that decisions are by consensus" or "we are unique and special because of the excellence of our staff".

Improvement organizational learning capacity is closely linked to the possibility of establishing an organizational environment characterized by new power relations that favor genuine dialogue and allow the emergence of new leaders gifted with critical thinking.

Moreover, I consider it fundamental to encourage executive action-based learning under the critical perspective (Reynolds and Vince, 2004) to emerge leaders who understand their role in an organization that focuses on critical reflection. All these measures together will be a beginning of a deeper change.

I can personally testify to the importance of this training methodology. Due the four months I was involved to preparation of this paper, it is possible to assure that my knowledge of the organization deepened, improving my ability to reflect and act in the organizational environment. Additionally, I could get to know my peers and develop better relationships of trust. To my mind, the organization also took advantage since all executives had the opportunity to better reflect on the decision-making process.

I also would like to point out another learning acquired in the IMPM course that strengthened in the development of this paper. To make a more qualified debate, it is essential to write the relevant ideas in order to better communicate the details to the other party. It is essential to decrease the “power point” culture, which ideas are sketched and communication is oral.

There are some points to be deepened in future research. In an organization that needs to deepen critical reflection, it would be interesting to assess how the management training system may contribute to this mission. Is it possible stimulating an action-based learning as executives training method? Once the creation of sub-committees was in early 2015, another research field would be necessary to know how effective the sub-committees will be in improving the BNDES ability to reflect.
As it is consensus among executives that the organization must adopt an executive’s job rotation policy, it should, in the future, also be useful evaluate its effectiveness in terms of improving organizational learning capacity as well as its influence upon the formation of silos.

Finally, I could say that further research can assess whether BNDES was able to change the power relations that now hinder the emergence of critical thinking. In the future, a new research on organizational learning capacity can be made in order to measure any progress in the organization.
8. Bibliography


Annex 1 - Organization Governance Structure

**Organizational Structure**

Based on the power perspective, BNDES is a classical Weberian bureaucracy. Considering the design of the structure, the organization is a Machine Bureaucracy (Mintzberg, 1979) with silos and slabs that have many difficulties in interacting and working together. The inner sense of the “bureaucracy elite” was born and reared decision-making based on collegiate bodies (no one could make decisions in an isolated manner).

The following figure shows the current organizational chart.

**Organizational Chart**

![Organizational Chart](attachment:image.png)

There are 7 directors and one Vice-President in BNDES; and each of them are at least responsible for 3 areas managed by superintendents. With almost 3,000 employees, BNDES has a hierarchical structure in which each area has some kind of specialization.
Two committees\textsuperscript{11} that follow the decision-making process must approve all the financial transactions. This approval process was created in the 70’s when the bank had a dramatically smaller number of transactions. Nowadays, this process is already considered quite important in order to protect from some political influence. Nevertheless, it is not a written rule; almost all approvals in the collegiate are in a consensus basis. The decision-making practice based on consensus, combined with an increase of the number of operations, has consequently brought more complexity to the process.

**Strategic Planning Process**

Until 2007, BNDES had some sporadic strategic planning processes. The most important one was the strategic plan of 2000, when it was decided to change BNDES structure from the hierarchical to a matrix structure (similar to investment banks). In 2003, with the change of government, and consequent change of the organization’s President, the structure returned for the current configuration (hierarchical).

Since 2007, BNDES has implemented a regular strategic planning process. For once, this process has been institutionalized with 4 regular meetings per year whereas earlier planning used to be erratic (there were plans in 1989, 2000 and 2003). An institutionalized process has the advantage of regularly bringing together top executives to evaluate the strategy and adjust it when necessary, forging a culture to make explicit the identified challenges and proposed solutions.

During this period, BNDES’s mission, vision, strategic guidelines and objectives were defined. There was participation of directors, superintendents and heads of departments in this process.

Thus, since 2007, every year the organization has been reviewing the Strategic Planning using the Balanced Scored Card as the driver of the strategic execution. For the first time in its history the organization has been keeping an ongoing process of strategic planning for 8 years. To manage the planning process, the Planning Committee was created and is composed of superintendents and directors.

\textsuperscript{11} They are the Board of Directors and the Committee of superintendents.
Emerging from the strategic planning, the so-called operational cross-cutting themes (innovation, regional development and sustainability) appeared. They should have a significant impact on work processes. Due to the rapid growth of BNDES it also emerges the importance of organizational cross-cutting matters (Human Resources, Information Technology and Process Optimizing).

After eight years of continuous operation, the Planning Committee decided to set up sub-committees to better address organizational cross-cutting issues. There were created seven sub-committees (consisting of heads of departments and superintendents) to support the Management Committee. These sub-committees are displayed in the last layer of the chart below. The BNDES governance structure has become quite complex and, for this paper purposes, the Board of directors, Credit, Management and Planning Committees (outlined in red) will be highlighted.

**BNDES Governance Structure**
The credit Committee and the Board of directors shall approve all credit transactions and, as they regard to administrative and policy matters, they must be approved by the Management Committee and by the Board of directors. Although the sub-committees do not have decision-making competence, they have come to play an important role in the power game once they address the cross-cutting issues to the Management Committee.

The Planning Committee (formed by directors and superintendents) has no deliberative nature, but discuss strategic issues, identify relevant matters to the BNDES and address discussions for specific committees and sub-committees.

Sub-committees were created to encourage specialization of a group of executives in some organizational cross-cutting issues (HR, IT, etc.) considered essential to organization’s proper functioning. These sub-committees will explore possible solutions (going deeper into each) by improving the discussion at the Management Committee.
Annex 2 - Observation Guide

Defining the research question:

Does BNDES have effective mechanisms to improve its performance through its organizational learning capacity? How is this organizational learning incorporated in decision-making processes?

Support Issues

I’m going to observe Superintendents and Directors behavior during operational and strategic sessions, focusing on: executive’s perception regarding decision-making process; the impact of this process on BNDES's organizational learning capacity. I’m also going to observe how reflective or critical discussions are during decision-making meetings.

Are there discussions on concepts (“What for” and “why”? before discussing the "how" and “what”?

Probe: Are the baseline concepts for matters discussed at those meetings clear for the participants??

Probe: Do the arguments advanced by participants in these meetings really address the question considered and add value to the decision to be taken or often contribute to disperse the attention of the participants (creating a fog)?

Do discussions flow frankly and productively?

Probe: Does the meeting coordinator stimulate a reflective process?

Probe: Does everybody take part in discussions?

Probe: Do participants take position based on convenience and friendship during meetings?

Are there differences between Committees and sub-committees meetings?

Probe: Do the number of attendees interfere with meeting collaboration/debate (especially the participation of "evangelists")?

Probe: Does the participation of Directors in the meetings interfere with its collaboration/debate (especially the participation of "evangelists")?

How people deal with the disagreements?

Probe: Do people take positions frankly or do they prefer to remain silent during the discussions?

Probe: In case of divergence, is there resolution according to majority vote or the matter is removed from the agenda?
Annex 3 - Interview Guide

Defining the research question:
Does BNDES have effective mechanisms to improve its performance through its organizational learning capacity? How is this organizational learning incorporated in decision-making processes?

Support Issues
Interviews will be performed with directors and superintendents who joined meetings on operational and strategic matters. The purpose is to capture their perception regarding decision-making process and understand how this process helps to increase BNDES's organizational learning capacity.

Operational Matters
From your perspective, is the decision-making process suitable for Routine Decisions?

Probe: Would it be possible to improve it?
Probe: What about consensus and unanimity?

Do discussions flow frankly and productively?
Probe: How do you feel taking part in these meetings?
Probe: Do you feel prepared for these meetings?
Probe: What about meeting's coordination?

Do you think the learning from past results is incorporated into this process?
Probe: Why do you think it happens (yes or no)? Give me some examples.
Probe: Is there any periodic assessment of consequences/results from these decisions?

How long does it take for you to form an opinion on an issue to be approved?
Probe: Is it common to receive important matters notifications at the last minute agenda?
Probe: If yes, how do you manage this situation?

What do you think about the recent setting of sub-committees to support the Management Committee?

Probe: Did the setting of these sub-committees facilitate the decision-making process?
Probe: Do you think the setting of these sub-committees is going to improve BNDES’s organizational learning capacity?

**Strategic Matters**

From your perspective, is the decision-making process suitable for **Strategic Decisions**?

Probe: Would it be possible to improve it?

Probe: What about consensus and unanimity?

Do discussions flow frankly and productively?

Probe: How do you feel taking part in these meetings?

Probe: Do you feel prepared for these meetings?

Probe: What about meeting's coordination?

Do you think this process incorporates experiences/knowledge/learning from past results?

Probe: Why do you think it happens (yes or no)? Give me some examples.

Probe: Is there any periodic assessment of consequences/results from these decisions?

How long does it take to form an opinion about an issue to be approved?

Probe: Is it common to receive important matters notifications at the last minute agenda? In which frequency?

Probe: If yes, how do you manage this situation?

What do you think about the recent decision to set sub-committees to support the Management Committee?

Probe: Did setting of these sub-committees facilitate the decision-making process?

Probe: Do you think setting of these sub-committees is going to improve the BNDES organizational learning capacity?

What are the main characteristics of an organization capable of learning and incorporating its learning for its future actions?
Annex 4 - Cultural Gap Questionnaire

The aim of this research is to map the existing cultural gap from the perceptions of employees. People’s perceptions about 10 cultural dimensions will be asked.

The dimensions are:

a) **Member identity** – the degree to which employees identify themselves to the organization as a whole rather than with their type of job or field of professional expertise;

b) **Group Emphasis** – the degree to which work activities are organized around groups rather than individuals;

c) **People Focus** – the degree to which management decisions take into consideration the effect of outcomes on people within the organization;

d) **Unit Integration** – the degree to which units within the organization are encouraged to operate in a coordination manner;

e) **Control** – the degree to which rules, regulations and direct supervision are used to oversee and control employee behavior;

f) **Risk Tolerance** – The degree to which employees are encouraged to be aggressive, innovative and risk-seeing;

g) **Reward Criteria** – the degree to which rewards such as salary increases and promotions are allocated according to employee’s performance rather than seniority, favoritism or other non-performance factors;

h) **Conflict Tolerance** – the degree to which employees are encouraged to deal with conflicts and criticisms openly;

i) **Means-ends Orientation** – the degree to which management focuses on results or outcomes rather than on the techniques and processes used to achieve these outcomes;

j) **Open-system Focus** – the degree to which the organization monitors and responds to changes in the external environment, as opposed to being internally process focused.
The forms will contain a gradation 1-6 for each dimension and employees should respond in each of them what they perceive as the current level and what they consider ideal degree for BNDES.

### Bank´s EXISTING organization´s culture

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<td>2</td>
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Bank’s Appropriate Organization’s Culture

a) Member Identity:
   JOB     1  2  3  4  5  6  ORGANIZATION

b) Group Emphasis:
   INDIVIDUAL  1  2  3  4  5  6  GROUP

c) People Focus:
   TASK     1  2  3  4  5  6  PEOPLE

d) Unit Integration:
   INDEPENDENT  1  2  3  4  5  6  INTERDEPENDENT

e) Control:
   LOOSE     1  2  3  4  5  6  TIGHT

f) Risk Tolerance:
   LOW     1  2  3  4  5  6  HIGH

g) Reward Criteria:
   PERFORMANCE  1  2  3  4  5  6  OTHER

h) Conflict Tolerance:
   LOW     1  2  3  4  5  6  HIGH

i) Means-ends Orientation:
   MEANS     1  2  3  4  5  6  ENDS

j) Open-system Focus:
   INTERNAL  1  2  3  4  5  6  EXTERNAL
### Annex 5 - Cultural Research Gap Results

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#### Presidents

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