

New Frontiers of Social Investment:

Learning from the
InterCement Experience

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PRESENTATION

The current social investment model of the Camargo Corrêa Group, implemented by the Camargo Corrêa Institute with other partner companies five years ago have been a reason for great pride and fulfillment for all of us who are directly involved. We have had the opportunity and freedom to try new things, break new ground, take risks and operate in an innovative way, by betting on the construction of bonds among companies and communities to favor their development. It is the Institute responsibility to assure the Group's social investment to be efficient, lasting and changing, making the company's presence to be a positive differential in the communities where they operate, while also leaving a social legacy.

The Group operates in several sectors in the five regions of Brazil and in 20 countries. Such variety has shown us the ocean of opportunities. Added to all these possibilities, the basis for thinking the Group's new social investment strategy was the shareholders' determination and belief that social responsibility must be part of the business. This was the Institute greatest challenge. This belief was shared with the directors, especially those who currently participate in the ICC council. Today we can state that view is present in a great part of the Group's companies and that a lot of progress has been made.

The case study presented here is an example of that progress. From the very first moment, the Inter-Cement incorporated the new social investment proposal with great disposition and determination. The board's example spread to everyone and now we can see the effort, dedication and determination of professionals at all levels, at the company's units. Pedro Leopoldo was the city of choice because it was where it all began. The history of that unit now allows us to identify more clearly the progresses accomplished through social investment. For us, it was a great and enriching experience. We learned a lot from it and we took that learning and knowledge to other localities.

For this study we counted on the competent work by the Fundação Dom Cabral staff, who were responsible for many interesting findings that we had not realized before.

What motivated us to propose Fundação Dom Cabral to carry out this case study – added to the accomplished results – was the commitment of the Camargo Corrêa group in sharing experiences. We believe that by doing so we can contribute to fulfill the vision of its founder, Sebastião Camargo: “Loving Brazil is not enough, it is necessary to build the future of Brazil”.



Francisco de Assis Azevedo
CEO / Camargo Corrêa Institute

MESSAGE FROM INTERCEMENT

For InterCement, to systematize and to share experiences is an important way of learning. For believing in that, we bring to debate our social dialog practice that took place in Pedro Leopoldo, Minas Gerais.

Stimulated and supported by the Camargo Corrêa Institute, we have developed in the past years a work with the Pedro Leopoldo community, based on the participation of residents, the Local Authority and the company's workers, aiming at development, the strengthening of citizenship and the quality of life of all.

This experience has brought us significant business success, as well as sense of fulfillment, for we are building a legacy that goes beyond our economic accomplishments.

Pedro Leopoldo was the setting where we started, as well as our first step and our inspiration for the ones that followed. Currently, all our factories develop similar works, appropriate to different contexts, while guaranteeing our integration with the communities and our contribution to their future.

Our purpose is to grow and to take into our new units the same business model, ever improving it, based on the learning from the experiences already accomplished.



José Édison Barros Franco
InterCement / President

INTRODUCTION

This case study aimed to record and to analyze the experience with Private Social Investment carried out by the Camargo Corrêa Group, through the Camargo Corrêa Institute (ICC) and Inter-Cement. The locality analyzed was Pedro Leopoldo, where the implementation of actions began, according to the new business model proposed by the ICC in 2007.

The first verification from our visits and interviews was that, more than the implanted projects themselves, the methodology and the process were the factors that brought the most innovative aspects and that had greater impact in the success of the initiatives. For that reason, we focused this study on the systematization and theoretical framework of the business model. The local initiatives are reported to be examples of successful implementation. In Pedro Leopoldo, the context, the leadership and the moment contributed for the accomplishment of especially significant results.

This study is divided in 5 (five) chapters. The first deals with Theoretical Framework and presents the authors and concepts that supported this work. The second describes the experience. The three others feature an analysis sub-divided in Results, Success Factors and Risk and Opportunity.

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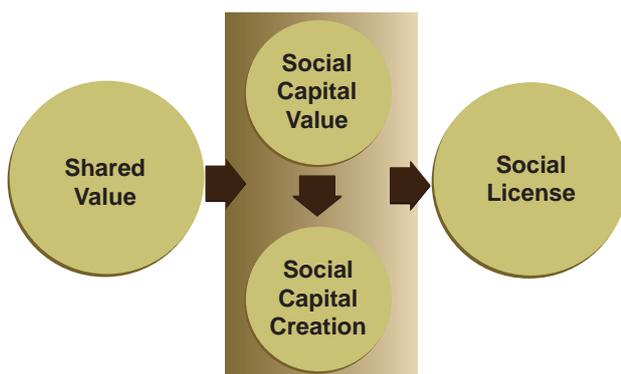
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1. THEORETICAL FRAMEWORK

While we sought for a conceptual framework that supported the analysis of the InterCement case, several studies were examined, which approach the theme of Private Social Investment, social intervention and Corporate Social Responsibility, as well as other studies in the fields of sociology and political science.

The articulation of the three concepts present in these studies has shown to be adequate for allowing the orientation of the analysis towards the aimed objectives and the accomplished results.

Conceptual Logic Model



1.1- SHARED VALUE: A STARTING POINT

The concept of “shared value” approached by Michael Porter in his article “Creating Shared Value” was one of the first inspirations for our consideration. The diagnosis done by the author on the relations among the companies and the society is overwhelming and makes clear the need for a revision of decision-making processes and business practices.

“The capitalist system is under siege. In recent years, business increasingly has been viewed as a major cause of social, environmental, and economic problems. Companies are widely perceived to be prospering at the expense of the broader community.”(PORTER, 2011)

The responsibility for this situation is attributed by Porter to the economic thinking that considered any other concern besides financial performance as an unwelcome limitation to business activity, but also to companies themselves.

“A big part of the problem lies with companies themselves, which remain trapped in an outdated approach to value creation that has emerged over the past few decades. They continue to view value creation narrowly, optimizing short-term financial performance in a bubble while missing the most important customer needs and ignoring the broader influences that determine their longer-term success. (PORTER, 2011)

While acknowledging capitalism as capable of meeting human needs, improving efficiency, creating jobs, and building wealth, Porter criticizes the “narrow conception” that prevented the harnessing of such capacity that could “address society’s broader challenges.

As a solution, Porter proposes the concept of shared value, regarded by the author as an opportunity and a requirement for innovation and performance, especially at the present time.

“The solution lies in the principle of shared value, which involves creating economic value in a way that also creates

value for society by addressing its needs and challenges. Businesses must reconnect company success with social progress.”

SHARED VALUE CREATION

The initial concept is quite broad. However, as one assumes that shared value is a “new way to achieve economic success” and the ways by which this value can be created are defined, Porter returns to the businesses internal objectives, which he actually criticizes, later in the article.

The three alternatives of shared value creation cited by Porter are:

- to rethink products and markets,
- to redefine productivity in the value chain and
- to set sector support clusters at the company’s localities.

As Porter states that “*shared value is not social responsibility, philanthropy, or even sustainability*”, the author disallows one to consider such actions as possible strategies for creating shared value. The author excludes ways of creating shared values that may influence the companies’ operation context, generating social capital and, therefore, reducing costs and risks.

It should be emphasized that not all social actions can generate social capital. As it has been properly summarized by Bernardo Toro, social interventions that are assistencialistic create a dependency. If it is clientelistic, it creates a culture of adhesion, which easily engenders an environment prone to corruption. If the intervention is authoritarian, it lowers a community’s autonomy

and self-confidence, which may also lead to a dependency. Ultimately, only a participative social intervention contributes to strengthen citizenship, autonomy and social capital creation.

In our approach, we sought to expand the concept and the ways of creating shared value, including private social investment initiative. This happens due to its capacity of generating social capital for the company and the society; contributing to the establishment of a license to operate; reducing social and political risks of ventures and operations; and creating for societies the perspectives for autonomous development through the stimulus to the organization and participation and the generation of social capital.

1.2- SOCIAL CAPITAL

In the context of business, the social capital is related to the interactions of the interested parties (interactions with the organizations’ internal and external stakeholders) and of the aspects regarding networking, trust, sense of belonging, inclusion, empowering, partnership, relationship development, personal and collective development, etc., which are perceived as involved in the generation of social capital. In that sense, private social investment and volunteering can be seen as propitious to the generation of social capital if this is stimulated by the involvement of networking, trust and cooperation among workers, companies, communities and organizations.

As Woolcock (2000) points out, the basic focus of the social capital construction activity is the improvement of the social relations.

The discussion on social capital is based upon a long research tradition regarding cooperation capacity. The most common initial reference is the work by French thinker Alexis de Tocqueville (1977). The scholar observed in the American

reality back then, as a catalyst factor of its great development, the remarkable “American aptitude for civic association”, which would teach people about “social cooperation and community spirit”. The intense American society capacity to mobilize to address its problems and meet its demands also restricted the State power and the administrative centralizing tendencies (FUKUYAMA, 2000, p. 403. PUTNAM, 1995).

It was Putnam’s (1995) work *Making democracy work* that made public the concept of social capital. It inspired scholars of several fields to consider the term, including Economics, Politics, Sociology, and Anthropology.

Putnam defines:

“Social capital here refers to the features of social organization, such as trust, norms, and networks, that can improve the efficiency of society by facilitating coordinated actions” (1995, p.167).

Putnam argues that social capital is accumulated from actual human relations and therefore refers to the interactions in and among social groups. Such interactions lead to the establishment of social norms and networks that, on the other hand, facilitate the cooperation and collective action (PUTNAM, 1995). The main idea behind social capital theory is that social networks are valuable, that is, the social contact affects the productivity of individuals and groups (PUTNAM, 1995). Hence, similarly to the notions of human capital, physical capital, and natural capital, social capital relates to the resources available as a consequence of mutual support networks, reciprocity, trust, mutual understanding and the obligations that make possible cooperative actions. The relationships that can create social capital can be developed consciously or emerge as a byproduct of other social activities (COLEMAN, 1988).

Similarly, social capital is defined by Miles et. al. (2005) as: “the personal contacts and social networks that generate shared understandings, trust and reciprocity within and between social groups, and which underpin co-operation and collective action, the basis of economic prosperity and economic inclusion. Social capital can be accumulated when people interact in a purposeful manner with each other in families, workplaces, neighborhoods, local associations and a range of informal and formal meeting places”.

On the other hand, Adler and Kwon (2003, p. 23) define social capital as “the goodwill available to individuals or groups. Its source lies in the structure and content of the actor’s social relations. Its effects flow the information, influence, and solidarity it makes available to the actor”.

CHARACTERISTICS OF SOCIAL CAPITAL

As it is described previously, the model by Adler and Kwon (2002) defines social capital as the **the goodwill available** for individuals or groups, which source is in the structure and content of the actors’ **social relations**. Its effects come from the information, influence, and solidarity that it makes available for the actor.

This model can also be complemented by the establishment of the main “dimensions” that constitute social capital: **networks, trust and norms** (PUTNAM, 1995. OSTROM and AHN, 2003). Through them we can obtain a broader comprehension of how and why private social investment combined with volunteering contributes for social capital, distinguishing **the architecture (networks), the currency (trust) and the parameters (norms)** of the social capital generated by such actions.

Trust is a key element for social capital and it is described as the “fabric” (CALDWELL and CLA-

PHAM, 2003) or bond that connects society. We can define trust as the **socially learned and accepted expectations** that people hold about one another, as well as the organizations and institutions that they belong, the natural and moral social structures that define the fundamental understandings in their lives (BARBER, 1983, p. 164-5). Hence, the act of trusting is based on **the experiences, interactions and perceptions of organizations** and other institutions (CALDWELL e CLAPHAM, 2003, p.351), and trust is an expectation associated to the idea that the other will re-tribute on a relationship.

According to Putnam (1993), the norm of **reciprocity** is the “touchstone” of social capital, referring to our general sense of **fair play** as to the others. The authors distinguish between two types of reciprocity. The first is “**the balance reciprocity**”, which implies the direct and simultaneous exchange of favors seen as a transaction form that does not require greater motivation than the restricted interest or short-term altruism. The second is “**the general reciprocity**” which refers to the exchange relation in which the mutual expectation is the expected behavior and it works to reconcile self-interest and solidarity in collective actions. The existence of shared norms between and among the agents is not necessarily enough for the generation of social capital, for the actors still need associability to define, determine and solve collective action problems. The fragile trust requires reciprocal exchange (give and receive) for the relation to last while the resilient trust is developed along the time and it is guided more by behavior norms in a social unit than by the realization of equal exchanges. Resilient trust reduces the transaction costs, especially the probability of monitoring and opportunist risk (PUTNAM, 1993). Trust relations also encourage people to engage in cooperative action, which can potentially establish a virtuous cycle of trusty behavior (PUTNAM, 1993. FUKUYAMA, 1995).

As for the relationships created through programs of private social investment and volunteering, contextual factors such as adjacent issues, the power, risks and alternatives available for the individuals may affect the trust need.

The network is another kind of social capital, and it is described as the **formal and informal interaction patterns** that connect groups with common attributes. The network of social relationships of a given actor creates opportunities for the sharing of social capital, with people acting together or leveraging one another’s resources. Thus, the quality of the direct and indirect bonds within a network may affect the creation of social capital.

Another important feature of social capital takes into consideration the method through which it is created. In that sense, social capital can be the cola that enables social cohesion of the lubricant that helps members of a given society to **rub-along together** (PADLAM, 2000).

- **Structural Form:** creates social capital through the creation of a forum for interactions, such as a committee. Structural forms of social capital involve the creation of new social networks or forums for cooperation, the addition of members to existing networks or the improvement of links among social actors (BEK, JONES, POLLITT. 2007).
- **Cognitive Form:** creates social capital through the change of attitudes and perceptions. Cognitive forms of social capital may involve **competence trust**, by which social actors become more willing to trust in the ability of counter-parties to deliver, or the **goodwill trust**, in which social actors are more willing to risk social or commercial relationship based on the expectation (not

in evidence) of a positive result (BEK, JONES, POLLITT. 2007).

Nahapiet and Ghoshal (1998) expand this analysis by defining three dimensions of social capital: the **structural, relational and cognitive** aspects. The authors emphasize, however, that this is an analytical separation and all dimensions are highly related. Whenever relationships have close bond, they improve the levels of trust and liability. Besides, the more frequent interaction among individuals allow

them to develop a common language and code, which also make room for relationships of trust.

A company's social practice can – incase it happens so as to stimulate organization and participation – contribute for social capital generation in the communities and in itself, understanding social capital as a company's capacity to access resources, support and relationships for the development of its activities, initiatives or ventures, as well as problem-solving.

| Dimensions of Social Capital | Description |
|--|--|
| Structural dialog Talking | The network configuration in which a given relationship is inserted (bonding, bridging, linking). What do the parties say? Does the relationship contribute to unite the groups, connect groups, or take the local level to another level? |
| Relational trust Trusting | Trust, reciprocity and relationship. Is the relationship characterized by mutual trust, shared norms and obligations, reciprocity or mutual identification? |
| Talking thought Thinking | Common frameworks that facilitate mutual understanding and collaborative planning. Do the parties share paradigms, codes, languages, narratives, values, objectives of future views? |

Source: adapted from Nahapiet and Ghoshal (1998).

1.3-SOCIAL LICENSE

The concept of Social License to Operate (SLO) refers to the acceptance of support that a given company is granted for its undertakings and initiatives, on the part of its stakeholders (FREEMAN, 1984), especially society and the populations directly affected. It is not exclusively based on a date, but on experiences, beliefs, opinions and perceptions. This is why it is dynamic, which means that it can be extended or removed through time. For having these characteristics,

the social license must be managed after it has been accomplished, in order to make sure that it is kept.

To make its management possible, it is important that the Social License to Operate, even being an intangible asset, be evaluated and measured. These have been constant challenges for companies: to define evaluation methods and management models of the Social License to Operate.

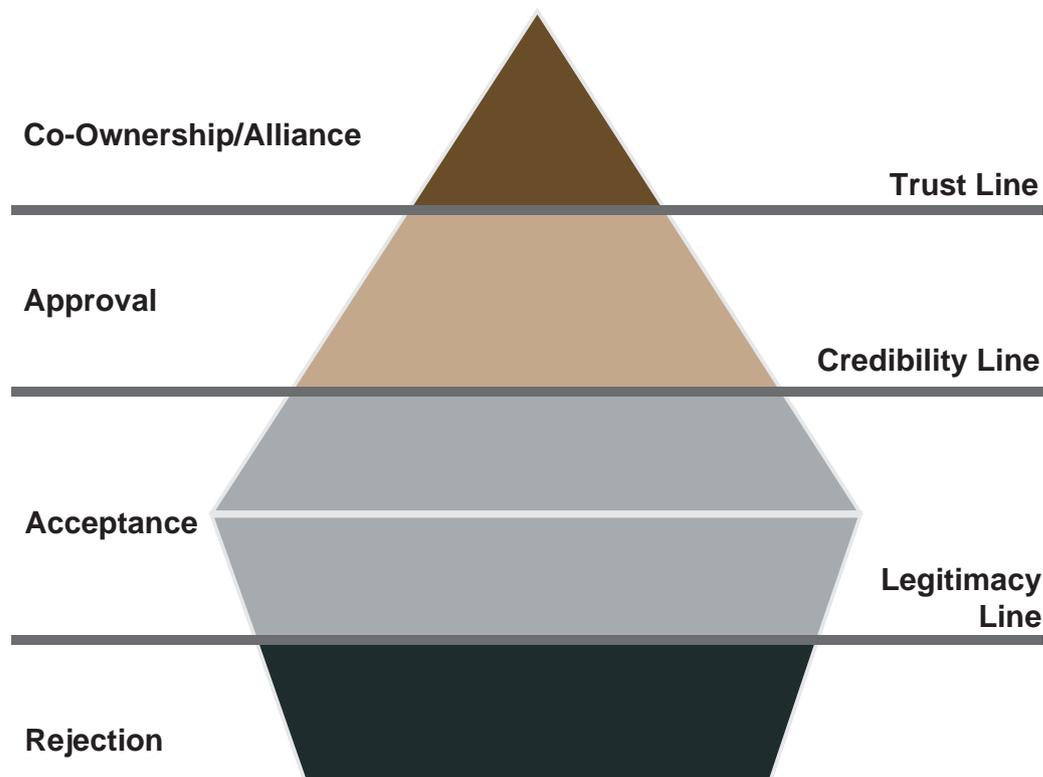
In the sense of analysis and evaluation, studies developed based on empiric research (BOUTILIER AND THOMSON, 2011) have identified four levels of license to operate. At the lowest one, the SLO is not granted. Since the SLO level is inversely proportional to a given company's social-political risk, the non-granting of a SLO may result in problems to access resources that are essential to the company, such as financing, legal licensing, high-quality labor, access to public infrastructure, etc. The following level is the acceptance of a company or project. It is achieved through the recognition of the business activity legitimacy. It is the most common SLO level and is frequently enough to assure its continuity. If the company achieves credibility before society, the license level can be raised to the approval level and if manages to establish a relationship of trust, this can reach the level of identification,

co-ownership or alliance.

Afterwards, based on the experiences of application of the model and incorporation of new theory, the authors refined their presentations in two ways. Firstly, they converted the SLO levels into a continuum, considering that legitimacy, credibility and trust are not achieved in a fixed moment in time, but instead, cumulatively. For this reason, the best representation should not be a line, but a gradient. Secondly, they identified four factors that determine these stages and that can be measured, establishing an evaluation methodology:

- Economic Legitimacy: the perception of a company or project's benefits.
- Socio-Political Legitimacy: the perception that a company or project contri-

SOCIAL LICENCE TO OPERATE MODEL Thomson e Boutilier- 2011



butes to the region's welfare, respects the local way of living, meets the expectations regarding its role in society and acts accordingly with the principles of justice of its stakeholders.

- Interactional Trust: the perception that a company or project and its managers listen to, reply to, fulfill promises, engage into dialog and show reciprocity in their interactions.
- Institutional Trust: the perception that the relationships among the company or project and the institutions associated to its stakeholders are based on the permanent consideration of one another's interests.

A complementation to the previous graph contributes for the understanding of how these factors interfere on the different SLO levels.

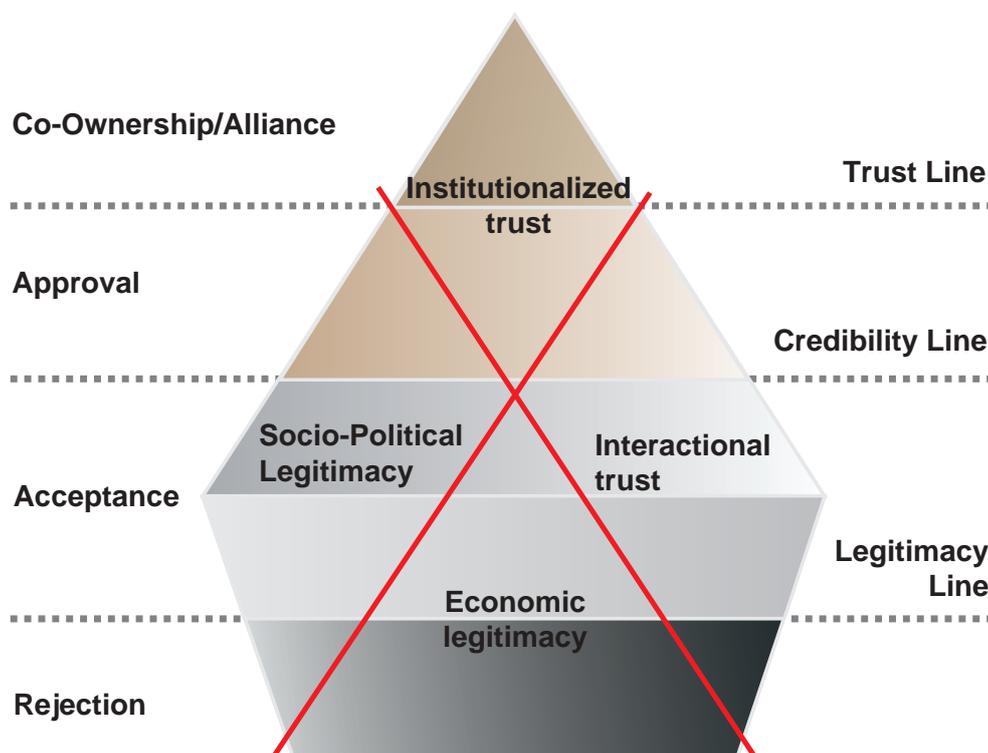
The social capital dimensions, proposed by Nahapiet and Ghoshal (1998) can be associated to two intermediary factors of the SLO. The Socio-Political Legitimacy can be considered a component of the Cognitive dimension of social capital whereas the Interactional Trust is identified with the Relational dimension.

Thus, one can say that the LSO is initially constructed from the sharing of information to enable the perception of the potential benefits, evolves with the growth of social capital and is consolidated with the institutionalization of relations.

The rejection zone of the SLO is less elaborate in the studies analyzed, but the description of study case experiences allows one to create a gradient similar to the granting level.

It can be divided in three levels: indifference, rejection and conflict, the first being quite uns-

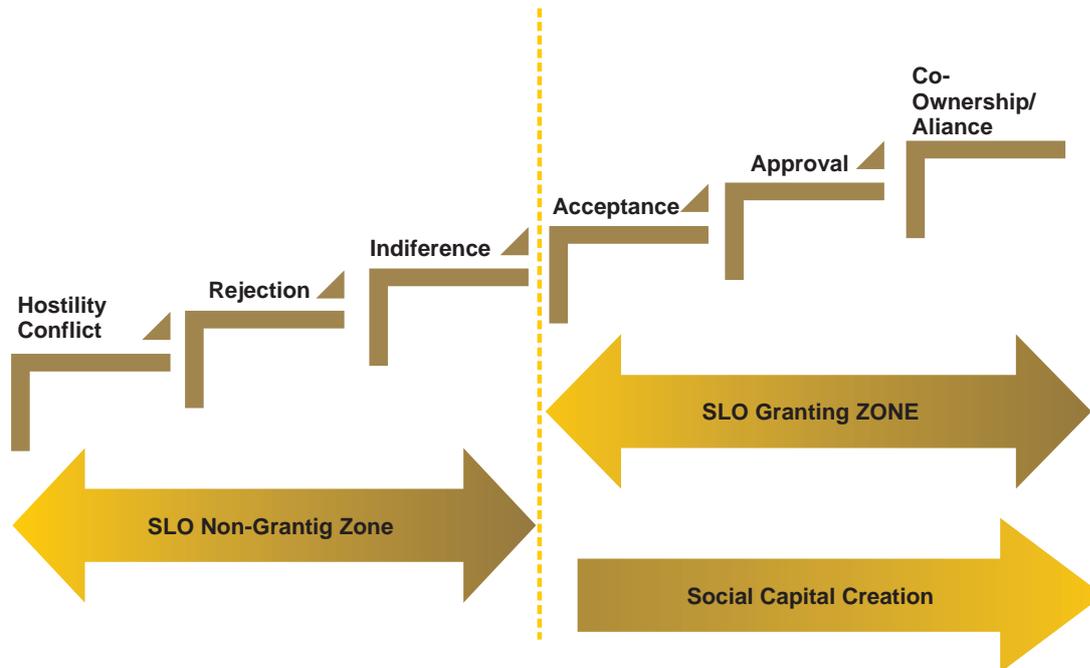
SOCIAL LICENCE TO OPERATE MODEL Determinants of LSO Thomson e Boutilier - 2011



table, with a strong tendency to shift to better (acceptance) or worse (rejection), depending on the company's actions and the events arising therefore.

Social Licence to Operate Model

Adapted from: Boutilier e Thomson - 2011



2- THE INTERCEMENT EXPERIENCE IN PEDRO LEOPOLDO

2.1 CONTEXT

THE CAMARGO CORRÊA GROUP

The Camargo Corrêa Group is one of the largest private conglomerates in Brazil, operating in 20 Brazilian states, 17 countries, and with a consolidated net income that reached R\$ 17,3 billion in 2011. The companies controlled by the Group operate in the sectors of engineering, civil engineering, energy and transportation concessions, textile and shoe industry, naval, as well as cement and real estate ventures. Altogether, the company employs over 60,000 workers.

The shareholding control is held by the three heirs of the company's founder, Mr. Sebastião Camargo. The shareholders have shown a firm and consistent commitment with sustainability. In 2006, they addressed the whole group with a Sustainability Letter, in which they affirm their commitment, present their expectations and future views. The Sustainability Letter: **The Challenge of Innovation** was later signed by the managers of all of the group's units.

The understanding of such a letter also led to the establishment of policies to be observed by Camargo Corrêa in its business activities. The environmental guidelines involve technological innovation to achieve ecologic balance; the social orientations defend the promotion of equity through the generation of opportunities; and the economic guidelines favor business management with efficiency, innovation and competitiveness.

Corporate social investment is one of the aspects of the group's view of sustainability, for it forges closer ties with the communities where the companies operate and contributes for social transformation. In charge of the group's social investment, the Camargo Corrêa Institute operates collaboratively with Fundación Loma Negra and Alpargatas Institute, both of which are part of the group's branches.

According to the Business Conduct Guidelines:

“The Camargo Corrêa Group develops activities of social responsibility and internal volunteering through the Camargo Corrêa Institute and its business units. Such activities are considered as part of the group's responsibility about the country and must be structured and organized so as to obtain maximum social reward as to the resources employed and the professionals involved”.

The idea of responsibility towards the nation is an important value for the group which, according to the shareholders, aims to exercise its vocation for corporate-citizenship by participating in the country's development.

“As a family group which has been originated in Brazil, we reassert our trust in the Nation's growth and development. We are proud to be part of the history of the 19th, 20th and 21st centuries and will be of the ones yet to come, leaving behind a distinguished and positive legacy for the future generations and for society”. (Camargo Corrêa Group Shareholders – 2011 Annual Report – CamargoCorrêa S.A.).

Therefore, the legacy by which they wish to be recognized is that of an effective contribution to the development of the communities where

they operate. This represents the part of the value created by business activity that was truly shared with the community, beyond tax payment and job creation. Yet, this was used the company's assets to develop processes that promote local autonomy and development.

The legacy's objective, according to the holding's president, Vitor Hallack is the construction of a development model that reduces the communities' dependency on the company.

The way the Camargo Corrêa Group shares values is by promoting the creation of social capital in the communities where it operates, as it incorporates its companies' assets – coordination skill, knowledge, technology, networking, etc. – in benefit of the strengthening of society, as well of its very organization and growth. The question behind such activity, which is supported on private social investment and volunteering, is always: if one day the company has to leave that town, what positive legacy will be left behind?

THE CAMARGO CORRÊA INSTITUTE

The **Camargo Corrêa Institute** (ICC) was founded in 2000 by the group's shareholders own initiative. Having an independent structure, the Institute had then the mission of articulate the existing projects and those supported by the Group in the fields of education, health and culture, focused on lower-class children and youth, especially in São Paulo. From 2007 on, ICC refined its activity strategy, structured it from guidelines and programs and oriented its investments to the locations where the companies of the Camargo Corrêa group were present.

The ICC objective is to coordinate the Group's social investment, as well as articulate and strengthen organizations that contribute to the full-time education of children, teenagers and

youngsters, targeted at the sustainable development of the communities, understood as a support for communities prepared and committed to address its challenges. At the same time when this adds value to the Camargo Corrêa brand, ICC is not directly attached to the everyday of a specific company, but of the Group as a whole. Therefore, the ICC activities are coherent with the Camargo Corrêa Group strategy for sustainability and its actions are carried out accordingly with the business units in Brazil and abroad.

The participation and commitment of the business units with the implementation of its social programs is an important component of the ICC operation strategy. The companies make the knowledge of a given region available for ICC, which contributes to the selection of the programs to be developed, and at a later stage, to the project design. This configuration allows the fulfillment of values held in high regard by the Group: companies must always be agents of social change and community partners.

The ICC Guidelines are:

1. Act preferentially in communities where the group's companies are present.
2. Align the social investment among the groups companies, while aiming to optimize the resources, maximize the actions and increase their impact.
3. Operate closely to the Business Units and provide them the necessary support for the improvement of their relationship and expansion of their contribution to the communities' development.

4. Align the actions with public policies, while seeking to support and influence them with the objective of expanding the social investment impact on the improvement of the communities' life-quality.

5. Identify opportunities for acting that consider the existing culture, demands, interests and potentialities of each community.

6. Develop mechanisms that facilitate the network activity, to promote greater interaction among the several involved actors and greater efficiency of the projects.

7. Establish partnerships that involve and strengthen the local authority and the existing organizations in the communities.

8. Develop and implant projects with dissemination potential.

9. Stimulate the group's companies to involve the largest number of workers and relatives in the volunteering programs.

10. Create mechanisms that stimulate the participation of the group company's relationship networks in the social projects.

Three programs structure the projects developed by the Camargo Corrêa Institute – and equally represent the core of the Camargo Corrêa Group private social investment policy. They are *Ideal Childhood* (Ideal Childhood), *Ideal School* (Ideal School) and *Ideal Future* (Ideal Future). Transversely, a fourth program named *Ideal Voluntário* (Voluntary Ideal), strongly operates as an agent to stimulate the voluntary work to which the Group's workers dedicate,

as well as its suppliers and partners. The goal of these actions ranging from the period of early childhood to the working age is to contribute to the establishment of sustainable bases for social transformation, and therefore promotes the strengthening of the Group's companies bonds with the communities where they are inserted.

THE INTERCEMENT

InterCement acts in the segment of cement, concrete and aggregate (crushed stone) in Brazil and abroad. It is part of the Camargo Corrêa group, which holds 99.9% of its preferred stocks.

The company was originated from *Camargo Corrêa Cimentos*, created in 1968, and features seven manufacturing units in Brazil, which directly employ over 2,000 workers, and other nine units in Argentina, where 2700 other collaborators work. Holding the brands *Cauê* and *Cimento Brasil*, it is ranked as the third largest in the Brazilian market and the fifth largest concrete suppliers. In Argentina, the *Lóma Negra* brand, controlled by InterCement, is the market leader.

Having in view its objectives of growth and internationalization, InterCement acquired in 2010 33% of the stocks of Cimpor, which operates in 12 countries, including Brazil, therefore becoming its largest individual shareholder. In March of 2012 it presented a public offer to the Portuguese Securities Market Commission (CMVM) in Lisbon, for the acquisition of the totality of the cement company's capital. It then reached the current figure of 94.11% of the Portuguese company's capital (considering the asset exchanges with Votorantim) which now belong to InterCement.

The resulting synergies from this integration

process are yet to be measured, but InterCement believes that the group resulting from the restructuring is going to be managed globally. This shall allow the sharing of the best operational, technical and management practices, focused on technology and operation efficiency, and improving business with suppliers and its consequent rationalization of costs and processes.

InterCement has strengthened its Social and Environmental Responsibility Policy in all locations where it operates. At Cimpor, InterCement plans to replicate its best ongoing practices, including the creation in Portugal of an organization to manage Cimpor social investment, following the example of ICC and Fundación Loma Negra.

INTERCEMENT AND THE PRIVATE SOCIAL INVESTMENT

InterCement social responsibility programs are guided by the Social Responsibility Standard, which defines Corporate Social Responsibility as a continuous commitment, unifies this concept, and establishes a set of procedures for the execution of social actions. In addition, it assures these actions alignment with the business goals.

This standard meets the principles of the Camargo Corrêa Sustainability Letter, its Corporate Social Responsibility guidelines, and the mission statement of the Camargo Corrêa Institute and of the Fundación Loma Negra, which guide such initiatives.

InterCement included the community development as part of its strategic planning. In its plants located in Brazil, the company follows the ICC model, according to which companies must always be agents for the social transformation of

the communities, as well as their partners.

The partnership between InterCement and the Camargo Institute Corrêa now keeps 40 projects in progress and eight cities in Brazil (Apiaí-SP, Bodoquena-MS, Cabo de Santo Agostinho-PE, Ijaci-MG, Itaóca-SP, Jacareí-SP, Pedro Leopoldo-MG and Santana do Paraíso-MG), all of which are connected to the four programs developed by the Institute: Ideal Childhood, Ideal School, Ideal Future and Voluntary Ideal. In all these locations, the implantation strategy counts on the direct involvement of the business units, the local public authority and the civil entities.

As the works are developed, the InterCement commitment to social transformation has been translated in the **adoption of management practices** that relate to the Camargo Corrêa Institute operation strategy. The company was the first in the Group to institutionalize the Committee on the Promotion of Volunteering and Community Interaction (CIVICO), a group formed by workers from the business units to coordinate the participation of each of them in the ICC activities. There are internal rules in the company for the formation of the committee and the participation of the workers. Therefore, all of InterCement units count on active Civicos. The involvement with the company's social initiatives was also **formalized as an attribution for the position** of plant manager. Another sign that the commitment with community development is rooted in InterCement is the number of professionals engaged in voluntary actions. At the company's various units, there are currently 26 Voluntary Action Groups (GAIVs) in operation. These centers are associated with the Voluntary Ideal program and are responsible for the volunteers' activities.

InterCement has also led the process of social technology adoption of the Camargo Corrêa institute in other countries. In Argentina, for example, the activities are carried out through

Fundación Loma Negra, linked to the homonymous company controlled by InterCement and a market leader in its country. The Fundación Loma Negra uses the same work methodology as the Camargo Corrêa Institute. In Paraguay, the company is investing in a new factory, to be concluded in 2013. The InterCement concern is that it also opens a new operation model for the cement industry in this region, exactly for having the experience in the fields of social responsibility and sustainability.

PEDRO LEOPOLDO

Pedro Leopoldo is a city located 42 kilometers away from Belo Horizonte and a part of its metropolitan region. According to the 2010 Census, its population is of 58,696. The city's GDP reached R\$ 838,793,607 (IBGE/ 2008), or a R\$ 14,305.34 GDP per capita.

According to a report by the PNUD (UN - 2002), the city's IDH is 0,807, which ranks it among the cities with a high index.

In the first half of the 20th century, the main economic activity was cattle raising. In 1918 it was installed in Pedro Leopoldo, as part of a Federal initiative to foment agriculture, the *Fazenda Modelo* (Model Farm), which made the city a reference in the sector. In the industrial sector, the highlight was the textile industry, with the *Cachoeira Grande* textile manufacture, which started its operations in 1895 and was acquired in 1920 by the *Cia. Têxtil de Belo Horizonte*. The plant is currently out of operation.

The installation of the *Cia. de Cimento Portland Cauê*, founded in 1952 and operating in 1955, changed the city's economic profile, increasing industrial activity and at the same time pushing the region's commerce, industry and transport.

tation. The Juscelino Kubitschek's state government in Minas Gerais had created a very favorable environment for the cement industries, be it through consumption stimulus, the construction of roads and other practices, be it through the investments in energy, which enabled other industrial sectors as well.

In 1974 it was installed the *Fábrica de Cimento Ciminás* which later was to be controlled by the HOLCIM Grop. This is currently the second largest cement group in the world.

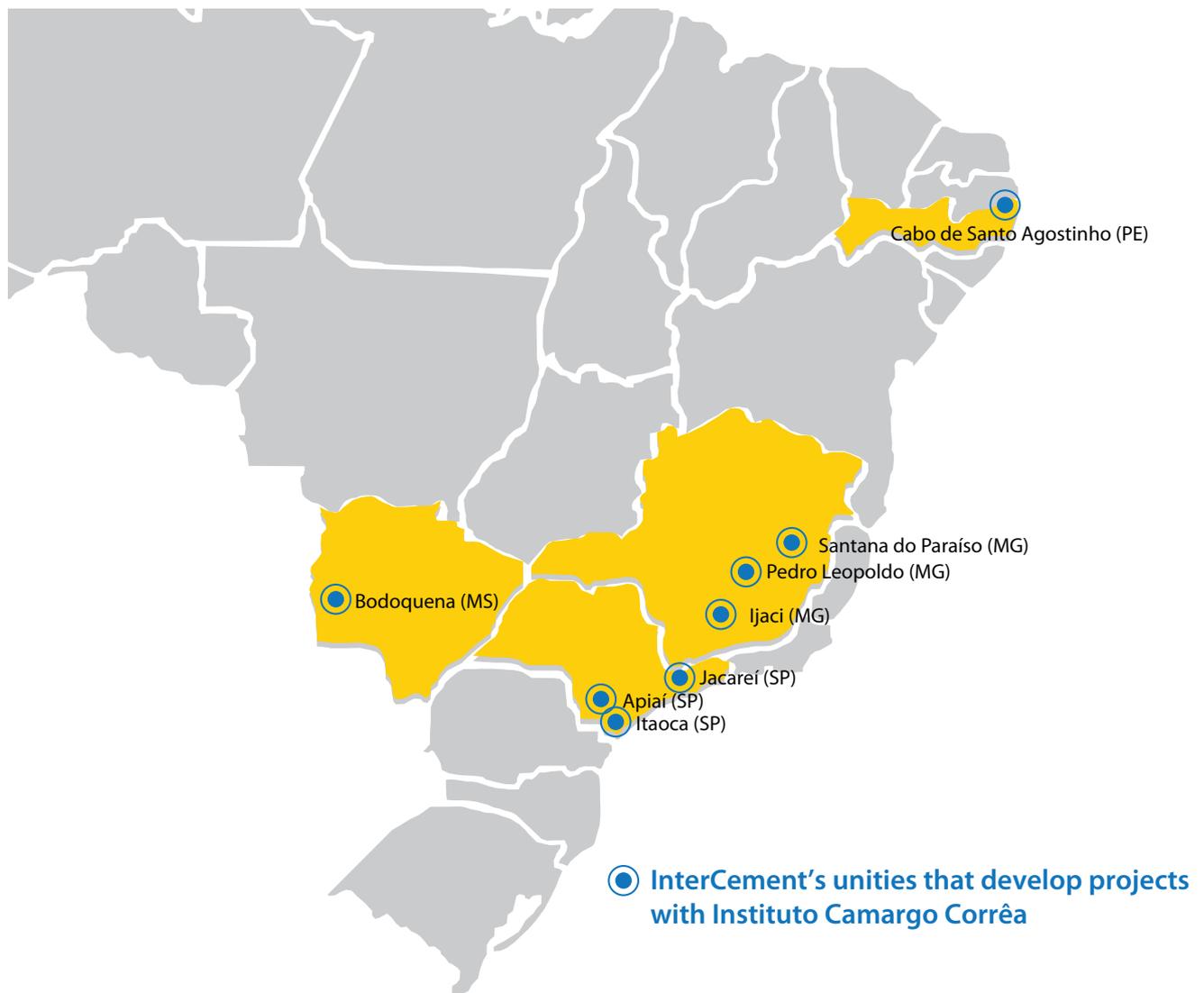
Among this sector's main industries, beside Ca-

margo Corrêa and Holcim, Pedro Leopoldo shelters the concrete industries *Incopre*, *Precon* and *Uninstein*, which makes concrete blocks for paving.

Currently the Value Added Tax of the city's sectors is distributed as follows:

- Agriculture – 13.729
- Industry – 360.224
- Services – 366.035

ICC AND INTERCEMENT'S ACTIONS



Projects Developed

| | | | |
|------------------------------------|--------------------------------|--|--|
| PE | Cabo de Santo Agostinho | Ideal Childhood | Reducing Teenage Pregnancy |
| | | | E-learning for early childhood educators |
| | | | Strengthening the Network of the Assurance System for Children and Adolescents' Rights |
| MG | Santana do Paraíso | Ideal Childhood | Youth Forum: Protagonists of Children and Adolescents' Rights |
| | | | E-learning for early childhood educators |
| | | | New Alliances: Strengthening the Guardianship Council |
| | | | Pregnancy School II |
| | | Ideal School 6 schools 1.819 students | Reading, Pleasure and Knowledge |
| | | | Reading Journey |
| | | | Free Group of Studies and Training |
| | | | Inclusive Education |
| | | | School Newspaper |
| | | | One and All for the Ideal School |
| MG | Pedro Leopoldo | Ideal Childhood | Recreating in Network: Strengthening the Assurance System for Children and Adolescents' Rights |
| | | | Pregnancy School |
| | | | Leisure, Sport and Culture |
| | | | Training for Education Professionals - Phase III |
| | | Ideal School 13 schools 4.858 students | Reading, Pleasure and Knowledge |
| | | | Reading Journey |
| MG | Ijaci | Ideal Childhood | Full protection and network action in ensuring the rights of children and adolescents – Implementation of Systemic Operational Flows |
| | | | E-learning for early childhood educators |
| | | | Living the Childhood with Joy - Phase III |
| | | | Reading, Pleasure and Knowledge |
| | | Ideal School 4 schools 761 students | Reading Journey |
| | | | Free Group of Studies and Training |
| | | | Inclusive Education |
| | | | School Newspaper |
| | | | One and All for the Ideal School |
| | | | Integrated Management System (SGI) |
| SP | Jacareí | Ideal Childhood | Portal of Knowledge |
| | | | Family Life |
| | | | E-learning for Early Childhood Educators |
| | | | Redesol |
| | Apiaí, Itaoca, Barra do Chapéu | Ideal Future | Future in Our Hands |
| | | | Seeding Futures |
| | | | Integrated Cities |
| | Apiaí | Ideal Childhood | Full protection and network action in ensuring the rights of children and adolescents – Implementation of Systemic Operational Flows |
| | | | New Alliances: Strengthening the Guardianship Council |
| | | | E-learning for Early Childhood Educators |
| | Apiaí and Itaóca | Ideal Childhood | Strengthening the Ciranda Network |
| | | | One and All for the Ideal School |
| | | Ideal School 5 schools 1.131 students | Reading Journey |
| Free Group of Studies and Training | | | |
| Inclusive Education | | | |
| School Newspaper | | | |
| São Paulo | Ideal Future | Secret of Numbers | |
| | | Memory in School | |
| São Paulo | Ideal Future | Entrepreneurship Cocoon | |

2.2 THE INTERCEMENT OPERATION IN PEDRO LEOPOLDO

THE EARLY DAYS

In 1998, Cauê was acquired by InterCement. Soon after the acquisition was completed, InterCement was forced to take a series of quite unpopular measures, which went from the reduction of the number of employees to the fencing of the factory, which was previously used by the residents as shortcuts.

Added to that was the population's wounded pride for seeing the company's be controlled by a company from São Paulo, foreseeing the separation of InterCement from the community's life.

Cauê had previously a social investment practice (which was not called this back then) that we now classify as assistencialistic. It donated funds for the church's feasts, supported residents in need as well as the orphanage, etc.

During nine years, InterCement had very little participation in the city's social life, keeping away from the community. The Group's social investment decisions, coordinated by ICC, were centralized and mainly assisted São Paulo, without much dissemination through the localities where the units actually were set.

In this period, the distance, the resistance and the "sorrow" – a recurrent word in the collected testimonials – increased and the city got used to missing Cauê and resisting the "ones from São Paulo".

2.3 A CHANGE OF DIRECTION: THE ICC NEW OPERATION MODEL

In 2007, following the ICC changes and new Group's demands for its social investment branch, it was proposed a new operation model, based on the interaction with the companies and a larger presence where they are located.

The ICC operational focus was defined was the community development, promoted through the execution of the programs Ideal Childhood, which includes the projects aimed at the early childhood, Ideal School, which work on projects aimed at guaranteeing high-quality education, and Ideal Future, which is committed with the promotion of entrepreneurship and income generation. Transversely, the Voluntary Ideal program promotes voluntary adhesion from the Camargo Corrêa Group companies' workers, working on local project management and on its own initiatives.

The choice for focusing on predefined actions - childhood, education, income generation - is a characteristic of the ICC strategy for private social investment. The idea proposed by the institute is that from the complementarity of the three programs, a whole generation will benefit from the company's presence at a given locality (for as long, of course, as such a presence lasts). This definition of the scope brings important implications. One of them is to clarify and adjust the community's expectations as to the company's investments. Potentially conflicting issues, such as the actions priorities and budget limitations are assimilated and settled more easily by the involved parties.

As relevant as the previous direction of its issues and the division of them in programs is the ICC work methodology, which strengthens the parti-

icipation and commitment of the communities as well as of local managers and workers. Therefore, the ICC private social investment strategy involves not only funding projects, the realization of Dia do Bem Fazer (the Doing Well Day), but also actions towards the establishment of partnerships, voluntary work and the involvement of workers in the projects' decision-making and execution. This has great potential for promoting inter-sectoriality, an idea connected to the establishment of interfaces among sectors and institutions, with the goal of addressing complex social problems. Thus, this conception of the work values the articulation of knowledge and experiences in the participative identification of collective problems and integrated decisions.

As it is described on the publication *Investimento Social para a Cidadania* (ICC/Museu da Pessoa.

2011):

“The differential of the work carried out by Institute Camargo Corrêa, and what gives it special importance, is the value attributed to local institutions and their unwavering belief in structuring partnerships as a way to align collaborative social networks - which creation it stimulates - with public policies undertaken in its area of operation. Rather than give them the fish, the purpose is to involve as many community stakeholders in discussions on the best way to fish. And also to support the implementation of decisions taken as a whole, seeking positive results to society”.



2.4 GOVERNANCE AND ROLES

The basis of this work methodology that strengthens the commitment and participation is the establishment of a governance structure on which the ICC development programs, on the other hand, are based.

The Board has as its president and vice-president two shareholders, Rosana Camargo

de Arruda Botelho and Renata de Camargo Nascimento. It is formed by 20 members: two shareholders, six representatives of the third generation of descendants from the group founder, nine directors of group companies, one representative from the BNDES and two independent members. This composition ensures diversity and culture needed to support the integration and alignment of social investment with Group companies. The Council meets four times a year and the meetings are reported all the challenges, economic and social, of the

Group companies. Thus, the new generations and executives understand the context of each project, have a complete view of the Group and its legacy economic, social and environmental.

*“The Camargo Corrêa Institute is an **expression of the family business values**. It believes that undertaking social investment is part of a responsible business group. The involvement of shareholders and key executives means to put these values in practice and signals to all staff that the management of the Group business includes the management of social investment”.*

(Rosana de Arruda Botelho, Camargo Corrêa Group shareholder and president of the ICC Deliberative Council. Publication Investimento Social para a Cidadania, ICC/Museu da Pessoa. 2011)

The council meetings are also a space for members to discuss the issue of social investment, understand its context, and its relationship with their business, and so they function as training on the topic relevance. In an interview, the Executive Director of ICC, Francisco Azevedo, declared that *“this is the most important role of the Deliberative Council: to bring understanding from top to bottom”*. This is also the view that shareholders Renata and Rosana exposed in their own interviews. For them, the Council *“passes on the culture that social investment is a company value to the new workers and executives who join the business family (...) it shows that the Institute is a branch of the Camargo Corrêa Group.”*

Based on analysis of the context, the ICC defines that programs are best suited to each locality, but from this point on decisions on projects to be carried out are shared by the Communi-

ty Development Committee (CDC). The CDC connects the ICC, the local business and the community, and is oriented to plan what will be implemented with the support of the Institute. It has long-term vision and autonomy to think about the community development as to the selected themes. Thus, the CDC members develop a sense of ownership as for the actions taken, for the projects are perceived as belonging to the Committee, not to the Institute or to InterCement alone.

The main body that ensures the connection among the employees, the ICC and the community is CIVICO.

Finally, the ICC and the local operating unit articulate these three instances of connection among the Camargo Corrêa Group, InterCement and the community of Pedro Leopoldo, and work to encourage these groups. In fact what we see in the programs and projects is shared governance, for the structure idealized by the ICC encourages participation and association.

This refers to the analysis by Tocqueville (1977), for whom the association science is the mother science of democracy, as these empowers society by mobilizing people systematically to promote collective welfare. “The art of association” as an ideal form of collective action is one of the main themes discussed in *Democracy in America* (TOCQUEVILLE, 1997). By analyzing the prosperity of American society, Tocqueville concluded that the country is one where most individuals have perfected the art of seeking together their common desires, and applied this new science to the largest number of objects. Associations would be a powerful way of developing the citizens’ freedom in a democratic State, for the individuals participate in the power exercise and public responsibility and be aware of their rights and duties as citizens. Thus,

associations would accomplish the hard task of teaching people to take actions and defend their common interests, as well as to create the conditions (material and spiritual) necessary to collective life.

What the governance structure established by the ICC promotes is the capacity of taking co-responsibility, which means to give up governability. In this fundamental act of democracy, the ones who make decisions also must commit to share responsibilities. However, those who take part in the decision-making also have to be willing to accept the fact that their commitment presupposes obligations as for their implications of each decision, and especially as for its execution. Being a part of the decision-making process is easy and brings a sensation of power; but it usually happens that once a decision is made, there is clear unfamiliarity from the participants regarding their co-responsibility. They feel that their participation is limited to influencing or trying to impose their positions, but the only ones in charge are those who must take the final decision. This is definitely not participating. It is necessary to know the scope of co-responsibility, measure consequences, understand the seriousness involved in decision-making, in respect to those who participated in its conclusion.

One way to understand this governance structure is through the roles it establishes and analyzes how they collaborate with participation, association and responsibility. In particular, it is with the local governance structure and the roles stipulated that the group's legacy is perceived locally, that is, the shared value creation takes place.

ROLES IN THE LOCAL GOVERNANCE STRUCTURE

- **Social Producer:** A person or an institution capable of creating the economic, institutional, technical, and professional conditions for a program or project.

Camargo Corrêa Group – InterCement – Camargo Corrêa Institute

- **Re-Editors:** A person who due to holding a leading role and has the capacity of contributing to modify the way a given audience thinks, feels or acts.

ICC - Local Manager – Voluntary Leaders

- **Related Public:** People and groups that can help define a program or project purposes and contribute to accomplish them.

Community Leaders – Volunteers – Partners

These roles and responsibilities, however, are not necessarily carried out by a single individual. More than one person or even institutions can work together playing one of the roles. Other times, a single individual or institution plays more than a role at a time.

The Social Producer is responsible for creating the conditions for the development of the processes of deliberation and implementation of projects, guiding the negotiations that will give political and social legitimacy. It originates from one's intention of transforming reality, but presents and shares such purposes with other people who will help one to make them explicit, expand them and, of course, accomplish them. For this to happen, the producer needs legitimacy, be it particular, be it granted by someone

or by a principle. If this demand is not met, it will be hard for producers to achieve the necessary credibility at the first stage, when an alliance base is created. Throughout the process, legitimacy may increase or decrease, reflecting the quality of a producer's management and the level of participation and sharing of the decisions made.

In the case of the ICC / InterCement, as they act as social producers for the first social discussions, inter-sectoral partnerships play the role of guaranteeing the initial legitimacy, while previous conversations and agreements allow for its announcement. This happens in respect of the community. The initial awareness raising performed by the ICC volunteers along with the internal public (local workers) must be very transparent, to revert the common questionings that social investment only aims at improving a company's image before society. The role of the Institute is to show that it is a win-win relationship, besides clarifying the strategies behind the investments. It is fundamental to have the internal public confidence, to make individuals confident about informing the community about the projects.

It is fundamental that the Social Producer is not seen as an owner, but instead as a precursor of a movement that reflects a true concern and a shared will for change. For this to happen, producers must:

- Respect and trust people's capacity to collectively decide about their choices and encourage the development of such behavior.
- Believe in the importance of freeing energy, creativity and entrepreneurship from people and collectives.
- Be sensible and tolerant to work toge-

ther with the re-editors' network without making them bureaucratic, while converting them in autonomous networks, with their own sense.

The Social Re-Editor, a term coined by Juan Camilo Jaramillo (1991), is the one who, due to a social position, occupation or function, has the capacity to re-adequate messages according to circumstances and purposes, with credibility and legitimacy. In other words, it is "an individual with an audience", who is socially recognized and who has the capacity to deny, change, introduce and create meanings before the audience, contributing to modify its ways thinking, feeling, and acting.

The Social Producer starts by identifying re-editors who – in their own sectors – can contribute to deepen and accomplish the goals proposed by the inter-sectoral method. At first, re-editors, groups or individuals, need support to identify the possible operation forms. As time passes, they find new ways of participating and carrying out activities.

2.5 INTERCEMENT PEDRO LEOPOLDO COMES OUT AHEAD WITH THE NEW MODEL

In late 2007, with the ICC new operation model recently released, InterCement was the first company in the group to decide carrying out a social investment proposal strategic and more connected to the company. The proposal held great similarity to a need already detected by InterCement: the need for social investment that made for the company's workers, with actions related to the plants' realities.

Currently, the InterCement unit in Pedro Leopoldo is a reference for the adoption of this new model of social investment, not only for its pioneering, but also for the good results achieved in a town where the relationship between the company and the community had collapsed.

Then, InterCement felt that it was necessary to take a step towards the construction of a new relationship with the community, more aligned with the business and less dependent than Cauê used to have. So, when the ICC presented its new operation model proposal, InterCement expectation was not only that it was necessary to bring about new practices, but that the city itself had to go through a re-education process, reviewing its expectations and its participation in a more structured relationship process (as compared to that of Cauê).

To start working in Pedro Leopoldo in 2007, ICC did a previous task of visiting institutions in the community, both private and public, to present the proposition of forming a group to discuss the implantation of the Ideal Childhood program in the city. At the beginning of the re-approximation process, the pre-definition of action focuses was also a differential. With a **well-defined scope, the company showed more seriousness in its proposal and that it knew about the topic**, which helped to break down the resistance and skepticism that existed before, in respect to the company's social investments

According to Sara Ferreira, the town's Secretary of Education, she realized that "the proposal was very serious, with the presence of Francisco (Executive Director of Camargo Corrêa Institute), even before the project was released. *He spoke to the mayor, visited several entities and got to know the city first. At the meeting with the mayor's office and secretaries, he spoke with great conviction. His presence was very important, as well as João's, ICC superintendent*".

Roberto Dinelli, president of the City Council for Teenage and Children Rights says: *"I was a critic of the social responsibility demagoguery before this project. I criticized initiatives by Holcim and InterCement, for they were explicitly demagogic: events, dinners, irrelevant proposition, and blind to the community's aspirations. Francisco brought about a whole new discourse, proposing to work together with public authority to transform initiatives and investments in things that could be turned into public policies. And Francisco gives the impression of knowing the subject, having experience, knowledge, and not just blather. I told Francisco that I didn't want symbolic things, and he reacted with posture that inspires knowledge about what he proposes. Maurício Anacleto (industrial manager at InterCement Pedro Leopoldo) also played an important role, for he was a different manager than the ones before him, who only had demagogic proposals and who only thought about defending the company as watchdogs. Maurício showed to be different; he was transparent and stood by them, without worrying about showing off"*.

This first step of approximation played the role of break down the community's resistance against the company. The fundamental role played by the Social Producers at that moment – especially the ICC team – was to demonstrate the intention of "socializing the capital", to involve the community's organizations and volunteers in the social investment actions; but not to "capitalize the social", that is, to take advantage of the relationship. The social investment proposal was shown as a goal, not as a means for a goal, and the motivations were clearly exposed to all actors.

After the initial movements, it was carried out an event for the release of the Institute works. The event was attended by Camargo Corrêa Group shareholders, managers, InterCement

high executives of InterCement, as well as Dra. Zilda Arns, from the Child's Pastoral, as a guest.

The first steps taken were not easy. Maria de Lourdes, a physician at the City Department of Health and the head of the Pregnancy School Program: *"Cauê was very close to the community, as far as health goes, etc. InterCement, on the other hand, got distant, many workers lost their jobs and this created a lot of suspicion. We came to the first event with this intense suspicion. The presence of Dra. Zilda Arns was important 'bait'"*.

Thereafter it was established the local governance structure in Pedro Leopoldo, formed by the CDC (Community Development Committee), the Cívicos, and by GAIVs (Voluntary Ideal Action Groups). The CDC is formed by of civic leaders and community representatives, social organizations and public authorities that work on social development issues. The Committee, which meets monthly, has a central role in defining projects and programs and the scope of local operation.

According to the NDC-DRH 013:

"Besides being fundamental for the relationship among the business unit, the ICC and the community, all the operational programs are developed by the committee, ensuring that the demands and real needs of the municipality are discussed and worked through projects, consistent to the ICC Programs. Its diverse character provides a plurality of perceptions and different views, which form the complex social web and guarantees its representativeness. The committee should always be aware of the community's real demands, the effectiveness of the ongoing public policy, and the development of projects,

programs and actions that complement and integrate such policies. The presence of CIVICO besides being important for the implementation of programs, contributes to enhance the relationship between the company and the community and operation strategies carried out by the Camargo Corrêa Group

PEDRO LEOPOLDO COMMUNITY DEVELOPMENT COMMITTEE

- City Council for Children and Teenage Rights (CMDCA);
- Guardianship Council;
- Pedro Leopoldo Foundation;
- José Hilário Foundation;
- CIVICO;
- National Institute of Social and Human Development (Doutor Eugênio S. de Carvalho Maternity);
- Pastoral da Criança (Child's Pastoral);
- Pedro Leopoldo City Hall (secretariats of Education and Culture, Health, and Social Development);
- São Vicente de Paulo Society.

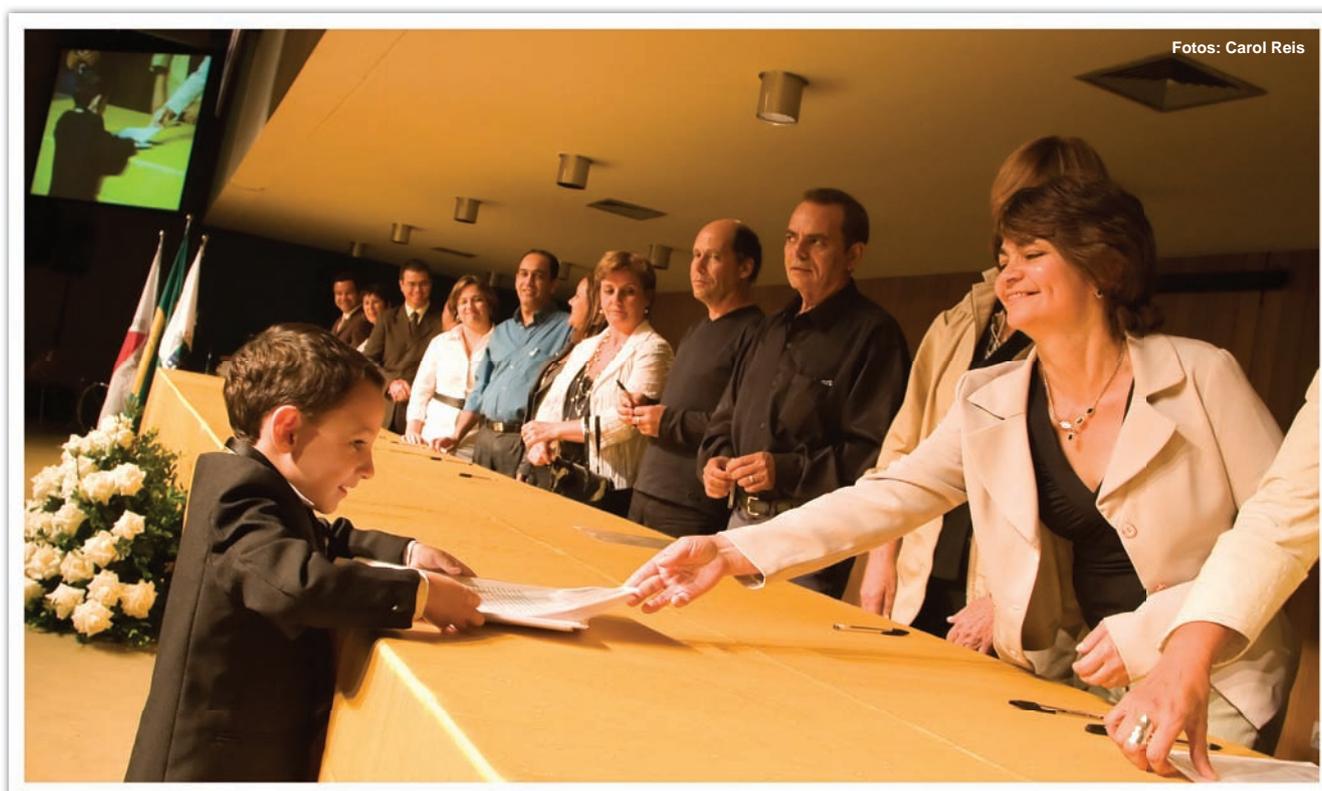


COMITÊ DE DESENVOLVIMENTO COMUNITÁRIO

Pedro Leopoldo - MG

After its establishment, members of the Community Development Committee (CDC) of Pedro Leopoldo participated in numerous workshops in order to set priorities for the projects themes of the projects, with an initial focus on the purposes of the Ideal Childhood program. For the projects to reflect the needs of the community effectively, an assessment and a diagnosis of the situation was assessed, in respect of the early childhood in the city. As Francisco Azevedo, ICC chief

executive explains, *“it would not take a diagnosis to know the problem of education. But the diagnosis and discussion, even about the most obvious problem, make that a CDC decision. A diagnosis helps establish jointly a future view, the place where people want to go”*. The purpose of this step was to work out the content indeed, but much more than that, to build trust and to strengthen the teamwork process. For Denise Botelho, from City Department of Education, *“the strategy*



Child collects term adherence to CDC



Group Ponto de Partida and Meninos de Araçuaí perform at the launch of Ideal Childhood

of bringing facilitators into these workshops was very important for building trust. They were skeptical at first and there was awkwardness. They were unsure whether it was a dream, if things were really going to happen. Results were built with the involvement and support of all, and then people saw that it was possible. The credibility came from the workshops, worked to unite the group, to think strong, to believe and to get to know proposal of the Camargo Corrêa Institute. I saw as daring the fact that InterCement had put on our hands the decisions regarding the projects that would bring benefit to society". Mrs. Maria de Lourdes gave a similar account: "we were very suspicious at first; we had to see it to believe, and to not be negligent. We wanted to know HOW MUCH it was. Not even the figure was defined. But then we felt that they had trusted us for the task of representing the town in its needs".

For Sara, from Secretaria Municipal de Saúde, *"the ICC was very smart; they came at an important time. And the people of Pedro Leopoldo is committed to what they do, they want to see something. The company came as a provocation, fueling a fire that was extinguished. But it lighted the people's fire, there was human capital and a will and vision of where they wanted to be. People were provocative; Uelton and Maurício (from InterCement) encouraged people and would not let the group breaks up. They felt co-responsible, so they saw the horse riding by and wanted to grab the opportunity. They caught a glimpse of a possibility of fulfilling dreams that were not so clear back then".*

According to Ueldon Marques, from InterCement, *"it was necessary to learn to cope with the anxiety about the immediate implementation and results. It took a lot of talking and meeting to keep up the trust and motivation while the results were yet to happen. There was a lot of pressure for visible results. People were used to seeing projects falling through. But the ICC projects purpose was to*

structure things, they needed to develop, it was a longer process. We had to fight anxiety and immediatism".

At the end of the process, the CDC defined four priorities for Pedro Leopoldo:

- Capacitate workers in the field of childhood education;
- Improve the assistance for pregnant women and newborns;
- Foment leisure and culture;
- Reduce teenage pregnancy;

Followed to that, subgroups were formed to develop each theme. Following this guidance to partnerships in the implementation phase, the Institute identifies and hires, whenever it is necessary, excellence collaborators to empower the CDC and / or to execute the planned activities.

2.6 THE PROGRAMS IN ACTION

IDEAL CHILDHOOD - CHILDHOOD EDUCATION PROFESSIONAL TRAINING

Since April 2008, it is held in all Children School institutions of Pedro Leopoldo the project of forming professionals who can teach aged from zero to six. Investment in education was prioritized because in order to assist young children with quality, it was necessary to understand the needs and specificities of this age group. Thus, the project has trained and assured to all professional moments of reflection about their work, from the principal office, through the pedagogical staff (pedagogues, teachers, educa-



Project Training for teachers of early childhood education

tors) to the support staff (housekeepers, do-
rkeepers, cooks, etc.).

In Pedro Leopoldo, the assistance to children aged 0 to 6 is carried out in 12 local schools, three annexes at state schools and 13 Centros Municipais de Atenção à Infância – CEMAIS (Attention to Childhood City Centers). 2,400 students of these institutions are benefited by the project, which is a partnership among the Camargo Corrêa, Institute, the InterCement, a City Department of Education, the Dr. Pedro Leopoldo foundation, the José Hilário Foundation and the Avisa Lá Institute.

The project was concluded in 2012 with an important outcome, for it exceeded all former initiatives. The full staff was certified by the Pedro Leopoldo Foundation. The coordination group, which includes principals, vice-principals, educators in schools from the childhood education centers, and coordinators of the CEMAIS, will be granted a certificate for specialization in Childhood Education.

| Year | Number of Participants | |
|------|------------------------|------|
| | Goal | Real |
| 2008 | 315 | 320 |
| 2009 | 315 | 340 |
| 2010 | 315 | 345 |
| 2011 | 315 | 360 |

IDEAL CHILDHOOD - PREGNANCY SCHOOL PROJECT

A byproduct of the collective thinking by CDC actors, the project Escola de Gestante (Pregnancy School) was established in 2007 with the goal of improving assistance to pregnant women during pregnancy, improving their health and of the city's newborns. The valuation of pregnancy assistance is the main instrument of the Pregnant School to decrease mortality rates of women and children, which are two of the eight Millennium Development Goals, set by the United Nations (UN).

Among the educational and preventive actions



Pregnancy School Project

with pregnant women and their families are discussions about hygiene, oral health and nutrition, body changes during pregnancy, fetal development and the importance of breastfeeding. Issues such as the male participation in the raising of newborns, family planning, family bonds and women’s rights are also addressed.

The Pedro Leopoldo City Hall took over the project and **made it a public policy**, which allowed it to be extended to all the Sistema Único de Saúde – SUS (Federal Healthcare System) health network. Thus, the Pregnancy School operates at 14 family health centers (PSFs) in Pedro Leopoldo, as well as at the city’s Maternity and at the Women and Children Health Clinic. At these health units, equipment acquisition and repairing were also carried out. About 800 women have taken part in the program each year.

| Year | Number of Participants | |
|------|------------------------|------|
| | Goal | Real |
| 2008 | 500 | 420 |
| 2009 | 500 | 649 |
| 2010 | 680 | 780 |
| 2011 | 720 | 800 |

The Pregnancy School is a partnership among the Institute Camargo Corrêa, InterCement, the Child’s Pastoral, the City Department of Health and the Dr. Eugênio Gomes de Carvalho Maternity Hospital. The following institutions are also partners of the project: City Council for Children and Teenage Rights; the Lyons Club; the São Vicente de Paulo Society; the José Hilário de Souza Foundation; the Rotary Club; and the Lar Solidário Lagoa.

IDEAL CHILDHOOD – LEISURE, SPORTS AND CULTURE (LEC)

Following the diagnosis of the Ideal Childhood program, the challenge proposed by LEC is to think of leisure, sports and culture alternatives for children aged from zero to six. The actions developed are divided in two: the Brincar e Aprender Project (Playing and Learning), developed together with the Antônio Francisco Lisboa Neighborhood Association, from the Quinta do Sumidouro district; and the Nadar e Crescer Project (Swimming and Growing Up), with Academia Energia Gym. Both projects are developed with

support by volunteers and the institutions.

Playing and Learning proposed that the Quinta do Sumidouro, library, maintained by the neighborhood association, became a toy & leisure library and the head office of the project at that locality, so as to host workshops and differentiated activities. The room was equipped with toys, computer, printer, etc. Although the project deadline has expired, the volunteers continue to perform the proposed activities and extended care through a partnership with the CEMAI.

On the other hand, the Nadar and Crescer project offers swimming classes and motivation and information classes about health and behavior of children aged from 0 to 6 (the minors are accompanied by their mothers or guardians into the swimming pool). Initially, the service was restricted to children with respiratory diseases referred by a specialist, but the work proposal submitted by Academia Energia Gym expanded the service to children served by the Association of Parents and Friends of Exceptional Children (APAE), especially those with autism, hyperactivity and motor difficulties. The results were positive: none of the children referred to by the clinic returned with respiratory problems

and the APAE children showed behavior change and improved quality of life.

The first phase of the project was completed in late 2011. Currently, LEC's team is planning the continuation of this initiative, including new partners that may contribute to enable the sequence, expansion and autonomy of the project.

IDEAL CHILDHOOD - SEXUAL-AFFECTIVE EDUCATION PROGRAM (PEAS)

The Peas Program brings the proposal to contribute to the personal and social development of adolescents by encouraging a culture of health prevention and promotion, in order to promote the construction of life projects in which they are the protagonists, with active and solidary participation. It also seeks to reduce the rates of unplanned pregnancy, sexually transmitted diseases, drug use, violence and relationship problems during adolescence. Five schools have participated in the program in the local school district, with workshops for teenagers between 13 and 15 years addressing issues of teenage identity, emotions, values and attitudes.



Sexual Affective Education Program (Peas)

At the beginning of the program in 2009, two groups of facilitators were formed, with 43 individuals who engage in activities with adolescents and their families in Pedro Leopoldo. A new class of 20 facilitators was trained afterwards and future training will create a permanent local staff with 16 members. An important result was the insertion of the Peas Program in the Curriculum Reference Document from the 6th to the 9th grade, at the town's elementary school district.

The Peas Program is a partnership of the Camargo Corrêa Institute; the InterCement; the Pedro Leopoldo City Hall (City Departments of Education, Health, and Social Development); the Centro de Referência de Assistência Social (Cras – Social Assistance Reference Center); the Centro de Referência Especializado de Assistência Social (Creas – Specialized Social Assistance Reference Center); the City Council for Children and Teenage Rights; and the Guardianship Council. The initiative is run by Integrar Consultancy company.

| Year | Number of Participants | |
|------|------------------------|-------|
| | Goal | Real |
| 2008 | 1.040 | 1.040 |
| 2009 | 1.040 | 1.120 |
| 2010 | 1.052 | 1.200 |
| 2011 | 1.052 | 1.300 |

IDEAL CHILDHOOD - FULL-TIME PROTECTION AND NETWORK OPERATION FOR ASSURING CHILDREN AND TEENAGE RIGHTS – IMPLANTATION OF SYSTEMIC OPERATION DESIGN

With the progress of the work carried out by the CDC, one more priority for the city of Pe-

dro Leopoldo was defined: to integrate the various health, education and social assistance services that are part of the city's Children and Teenage Rights Guarantee System. This was done through social assistance flowcharts and professional training, especially of the social assistants, the Prosecuting Council and the Childhood and Youth Court.

Among the activities of the project are: to promote conceptual alignment and identification of operational flows systemic priority projects to develop priorities identified in flows, strategies and build partnerships and alliances for action on priorities, monitor the implementation of projects by conducting workshop assessment process and results in each municipality and systematization of the process.

The first stage of the project was developed by the Camargo Corrêa Institute and InterCement, under the advice of Associação Brasileira de Magistrados, Promotores de Justiça e Defensores Públicos da Infância e da Juventude (ABMP). As a result of this work we developed a new project "Rebuild Network" which is a partnership of government and key players that make up the network of care to children and adolescents.

IDEAL SCHOOL

After the consolidation of the Ideal Childhood Program, the implantation of a new program in Pedro Leopoldo began: the Ideal School Program.

The Ideal School Program aims to contribute to the improvement of the quality of public education by encouraging the involvement of parents, educators and community in the school life.

The first step in the implementation of the program is to build a partnership with the City

Department of Education. The adherence, commitment and direct involvement in the implementation of the program are critical to obtain good results. In Pedro Leopoldo, the Department of Education not only embraced the program, but also proposed its extension to the preschools.

The program begins with the application of a diagnostic questionnaire. The questionnaire has to be answered by the school community of all public schools and approaches the following dimensions:

- School Performance
- School Management
- Pedagogical Policies and Practices
- Education Professionals
- Teaching Conditions
- Educational Environment

The questionnaire was completed in Pedro Leopoldo with the involvement of parents, students, teachers and principals from 13 municipal schools from 1st to 9th grade of elementary school, among which three are urban and 10 on the countryside.

The diagnostic results were then shared with the entire school district, at a workshop in which it was carried out the mapping of the opportunities, needs and priorities for improvement of performance. The highlight was the city's good performance in the dimension of Educational Environment dimension; on the other hand, the biggest challenge was the dimension of Pedagogical Policies and Practices.

From the priorities surveyed, projects are being developed, monitored by the CDC.

INTEGRATED MANAGEMENT SYSTEM (SGI)

The SGI aims to transfer management technology to transform the school system into a high-performance one. The training of professionals who work at the schools and at the City Department of Education happens through 16 units and a set of practice activities. The SGI was developed by the Pitágoras Foundation, another partner for ICC in Pedro Leopoldo. The participants are certified with a graduate diploma in School Management. In Pedro Leopoldo, representatives from all teaching units, including early childhood education, are participating in the training.

TOGETHER FOR IDEAL SCHOOL

This project aims at mobilizing the whole school community and the InterCement workers for the revitalization and improvement of the schools facilities. The José Hilário Foundation is a partner in this project and together with company representatives, visit the schools established by the secretary of education, before the mutual-aid actions. Previous repairing is carried out by the City Hall before the mutual-aid day, which takes place on a Saturday.

To achieve the preservation of public property there is also a formation that encourages educational activities with students before, during and after the mutual-aid day. These activities are described in a booklet sent to all school units. In 2012, five schools will be repaired by this project's initiative.

SCHOOL NEWSPAPER

This project is developed by Communication and Culture, which aims to develop a newspaper created by the students to contribute with the existing means of communication in the local school dis-

trict, as well as to integrate the whole school community. The project involves training educators in textual genres, how to integrate the newspaper with the school's educational project, and its printing and distribution in the community.

READING: PLEASURE AND LEARNING

The first action to encourage reading was the donation of 13 mobile libraries, one for each school. The libraries were donated along with a collection of 2,400 books, approved by the Brazilian Ministry of Culture, according to the students' number and age.

Along with the donation of books, it was developed training for reading mediators and multipliers, aimed at reading practices inside and outside schools. Cenpec – Centro de Estudos e Pesquisas em Educação, Cultura e Ação Comunitária (Center for Studies on Education, Culture and Community Action), conducted this training.

In 2012, the Jornada da Leitura (Reading Jour-

ney) took place, which recognized the work of the Departments of Education (this project involves 14 municipalities) in building plans to encourage reading; and the work of educators in implementing practices that contribute to the formation of readers. The Jornada featured a virtual platform and culminated with awards given to the outstanding projects in 2013.

INCLUSIVE EDUCATION

In partnership with the Rodrigo Mendes Institute, it is being developed a training course for more than 300 educators from various municipalities where the ICC operates. In Pedro Leopoldo, 30 educators take part in the course. This course aims to offer content and tools that enable the development of inclusive public policies and pedagogical practices. The training is carried out through a TV channel, accessible through a satellite antenna and can be interactive, live, with real time contact among the speaker and the educators.



Meeting of the Community Development Committee



Project - Reading: Pleasure and Learning

WRITING FOR EVERYONE

This project, developed by neuroscientist Elvira Lima, has the objective of correcting the age-grade distortion and decreasing the failure rates among students from the 4th to the 7th grades. The project has a 13-month duration and involves the analysis of the local school students' performance, teacher training targeted at the students in situation of age-grade distortion.

FREE EDUCATION AND STUDY GROUP

This group unites pedagogical coordinators from three Minas Gerais cities (Pedro Leopoldo, Santana do Paraíso and Ijaci) and aims to support the professionals who work on the continuous formation of teachers, while highlighting issues regarding pedagogical management.

VOLUNTARY IDEAL

The **Ideal Voluntário** program (Voluntary Ideal) aims to create conditions for the companies' workers to exercise their citizenship through voluntary work. Besides supporting the actions, it encourages, recognizes and values voluntary action. The **CIVICO** of the Pedro Leopoldo unit is formed by the Unit Manager Maurício Anacle-

to) and five other members (Anderson, Sidnei, Marci, Uelton, Tarcísio). The InterCement volunteers are organized in groups (GAIVs – Voluntary Ideal Action Groups), according to its project and purpose, and develop and articulate activities aligned with the community's ongoing actions

A symptom of the great strength of volunteering in InterCement in Pedro Leopoldo is the Dia do Bem Fazer (Doing Well Day), which in 2011 gathered 1.920 volunteers, among internal or third party collaborators, workers' relatives and community members. The actions focused on facility improvements and general repairing in schools, day care centers, maternity clinics, benefiting more than 7,000 people in the local communities. It was also organized a large Leisure Street, with several attractions.

| Year | Number of Participants | |
|------|------------------------|-------|
| | Goal | Real |
| 2009 | 150 | 574 |
| 2010 | 650 | 926 |
| 2011 | 1.200 | 1.920 |
| 2012 | 3.000 | 3.100 |

The role dynamics in the InterCement voluntary group in Pedro Leopoldo has brought great depth to the whole experience. Workers play a leading role at the GAIVs, inverting the usual hierarchies. The discussions on social projects often progress in middle of other issues and meetings, but always with the same seriousness. In addition, employees use in these projects the same management tools they use at work, which leads to greater learning. In the case of PDCA, for example, employees who apply the tool partially in certain operations have the opportunity to apply the full cycle in a volunteer project, which expands the understanding of the tool.



Volunteer in action

CDC COMMUNICATES

The project CDC communicates is carried out by Instituto Camargo Corrêa in eight cities where the Group has operations. Its goal is to enable the Community Development Commit-

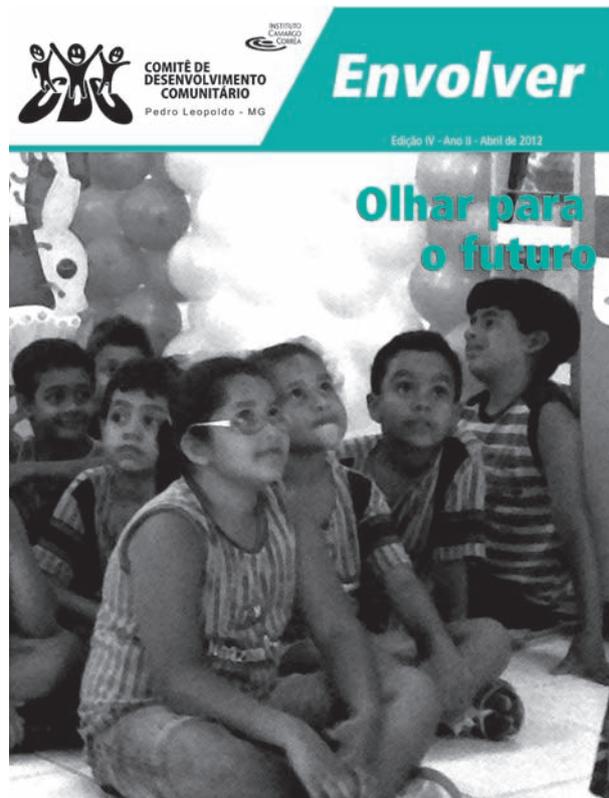
tees to produce newsletters that give visibility to the projects developed, adding new partners and mobilizing the community. In Pedro Leopoldo the project is developed since 2011. CDC members went through training in communication, defined the editorial profile of the newsletter and now, with the help of the NGO Oficina de Imagens, write the texts and produce the images of Envolver (Engage). Up until August 2012, the CDC Pedro Leopoldo had produced five newsletters, with a circulation of 1200 copies per issue.

2.7 INVESTMENTS

The resources intended for the Camargo Corrêa Group social investments originate from the companies, then are transferred to the ICC and are part of a budget allocation controlled by its Board and managed by the Institute itself.

The resources gathered for the implementation of social programs in Pedro Leopoldo in the past 5 years has been of approximately R\$ 5.000.000, while R\$ 3,000,000 have come from the ICC.

The 2012 ICC Budget reached R\$ 13.000.000, distributed as follows: Ideal School R\$ 2.800.000; Ideal Childhood: R\$ 3.200.000; Ideal Future: R\$ 5.800.000,00 and Voluntary Ideal: R\$1.200.000. This figure includes only the funds intended for ICC by the group's companies. Besides the resources of eventual partners in different projects, the ICC relies on funds from a partnership with BNDES for implementing the Ideal Future Program.



3. RESULTS

No Brasil, ainda há poucos estudos de caso sobre o Brasil, there are few case studies on Private Social Investment (PSI) that focus on business performance. There is little evidence of its actual importance and of how it can positively affect both the business and the communities. Thus, one of the goals of this study was to identify, if not the results measured, at least the relevant result fields that deserve to be further explored and systematized.

The experience of Private Social Investment in Pedro Leopoldo has achieved significant results in a relatively short space of time, in terms of community development and benefits to the company. The timing of social change is different and longer from that of physical and economic development. Yet, the impacts of the past five years of operations in Pedro Leopoldo are evident, especially with regard to InterCement reputation before the community.

3.1 IDENTITY, INTERNAL ATMOSPHERE AND ENGAGEMENT

The construction of **dialog, trust and transparency in relationships** are the most important criteria in the process of building relationships that lead to social capital creation. In Pedro Leopoldo, the performance of the ICC members and the InterCement volunteers stood out for these characteristics, and the outcomes in terms of **strengthening of the social capital** are cited by various actors involved in the projects.

One of these results is the **construction of corporate identity** in the company and to the community. As we have seen, the acquisition of Cauê was followed by detachment and estrangement between company and community. Later it came the brand changes (Cimentos Cauê, Camargo Corrêa Cimentos and finally InterCement). Working with the community helped rebuild the company's identity in the locality,

and currently InterCement is seen as a relevant actor in the community, even by its employees themselves.

A clear symptom of this change in corporate identity, from the standpoint of the community, was the invitation and participation of InterCement in the September 7th Independence Parade in Pedro Leopoldo. The City Department of Education, Culture, Sports and Leisure invited, for the first time the organ's partner companies to take part in the parade, as an opportunity to spread the projects in operation in the city. The event has great importance for the communi-

ty and great popular participation. Among the three invited companies, only InterCement participated. Holcim presented the Holcim Communities project and the Bank of Brazil Foundation was unable to participate.

The InterCement presented all its projects in the city under the theme "Volunteering". Ten floats represented the programs Ideal School, Pregnancy School, The Right Way, Formation Project, LEC – Leisure, Sports and Culture Project, and Sexual-Affective Education Program (Peas).



Dia do Bem Fazer (Doing Well Day) 2011

What calls attention in this case is not only the invitation itself, which can be interpreted as a sign that the company is seen as an asset of society, **but also the broad participation** of volunteers. The City Department suggested that at least 70 people participated in the parade. The company's management team invited the guests at the factory and 230 volunteers – including employees, their families, and beneficiaries of the projects – attended the party and paraded on the main avenue of the city, before an audience of approximately 7,000 people.

From the perspective of the internal public, this is also a strong sign of corporate identity that employees identify with, since they agreed in publicly participating in the parade, on behalf of the company. This identification may be reflected in the retention of employees, and be an advantage in recruitment situations. The involvement in volunteer activities connects the people households to the workplace, promoting personal confidence.

In an interview, the president of the Camargo Corrêa Holding, Vitor Hallack emphasized that:

“If a company has values, it allows workers directly or indirectly linked to it an opportunity to contribute, allowing them to reconcile their personal and professional identities. Better professionals and better citizens: this convergence of interests at the end of the day contributes to the happiness, which we all seek.”

Other positive results have been internalized in the local company, many of them in terms of social capital. It has been noted the establishment of networks among volunteers, which promotes cohesion and bonds at the company. Employees developed partnerships not only

among themselves, but also with the community and with partner institutions.

Another important aspect concerns the building of trust among employees. The selection of a representative for each GAIV or project works as an important exercise of **inversão das hierarquias** at everyday work, which adds new meanings to work relations and develops leadership skills in a spontaneous way. Furthermore, in volunteer projects the employees have the opportunity to use management tools and work in another context, developing a broader and deeper understanding of these artifacts. An example is the PDCA case. In the plant's routine, often an employee works in only some phase of the cycle. In volunteer work, however, they have to draw their own cycles and run them entirely, thus acquiring greater familiarity and understanding of the model's logics.

Engaging in voluntary work and social investment allows employees to balance work and personal aspects, reconcile personal and professional life, thus generating greater well being and happiness among the workforce, by developing a job with a broader reach. It was raised awareness about how the company can contribute to society.

The positive impact at the organizational environment is evident in the research on the workplace atmosphere, which shows continuous increase in the favorability index among workers. Currently, the results at the Pedro Leopoldo unit are the best of all the Camargo Corrêa Group.

| Year | Favorability Index |
|------|--------------------|
| 2006 | 47 |
| 2008 | 59 |
| 2010 | 76 |

The improvements in the workforce attitude influence professional performance and this is indicated by the production rate on the Inter-Cement plant in Pedro Leopoldo. Thus, as in

favorability index, the productivity rates at that unit showed significant growth after the onset of the social process.

| Year | Production (Tons) | Number of Employees | Productivity |
|------|-------------------|---------------------|--------------|
| 2008 | 817.603,62 | 240 | 3.406,68 |
| 2009 | 1.109.122,05 | 254 | 4.366,62 |
| 2010 | 1.307.131,51 | 291 | 4.491,86 |
| 2011 | 1.485.456,34 | 305 | 4.870,34 |

The economic performance is also growing.

| Year | Sales (Tons) | EBTIDA (millions) |
|------|--------------|-------------------|
| 2008 | 813.607,00 | 13.356,21 |
| 2009 | 1.085.137,47 | 32.363,32 |
| 2010 | 1.298.197,58 | 59.332,29 |
| 2011 | 1.501.318,56 | 60.900,43 |

In addition to the results mentioned above, the culture built from this process is important for medium and long-term management. At InterCement, a **culture of engagement** is being formed as volunteering and social action are being valued and formalized in the company policies. A culture that encourages the creation of dialog, sense of ownership and responsibility, partnerships and initiative. Thereby, the way to address workplace issues also changes, employees become more confident and work better together. This is the culture that employees need in order to continue innovating in an industry with so many technical challenges, such as the cement sector.

3.2 SOCIAL CAPITAL AND LICENSE TO OPERATE

Although there is not a process of systematic measurement of the results and impacts that come from the work developed, these have proved to be relevant through evidence.

The residents' narratives are always based on a comparison with the time before the work started to be developed. The interviewees start by talking positively about the past, the *Cauê* times, highlighting its closeness and identifica-

tion with the city, and expressing gratitude about the role it played in the development of Pedro Leopoldo. Then, the first years of the InterCement presence are negatively cited, as to the detachment and alienation from the local reality.

The change in perception is expressed when they begin to speak about the present times. Interviewees started to classify the Cauê's operation as "assistencialistic" or "paternalistic" and to value the company and how it operates. The sentence "they are not self-righteous" is recurrently mentioned.

This change in the relationship with the community can be noticed in the various opportunities when the community seeks the company seeks to find help or to participate. It is worth mentioning the Prosecuting Council case, for this organization requested technical support for budget development and invited the company to participate in the September 7th Independence Parade. These are not isolated incidents, but instead the best examples, for in the everyday life of the local governance parties, proximity and dialog are always present.

Even the suppliers value the company's behavior, strengthening the dialog as a strategy for finding solutions. The owners of Suprema, a supplier of heavy machinery, reported:

"Since 1995 we have worked with Cauê and we realized how InterCement management is much more developed. The dialog is very open and transparent. It's a partnership".

As the operation strategy promotes dialog, participation and inter-sectoral interaction, it has helped create a culture in the organization and in the way citizens and government seek for solutions to their problems.

Muthurie, Moon and Matten (2006) describe the factors that contribute to the creation or weakening of social capital through volunteer services.

Boutilier e Thomson (2011) propõem uma metodologia de avaliação da LSO, baseada em suas pesquisas e análises e no trabalho de Nahapiet e Ghoshal (1998), que contempla os temas abaixo, avaliando a concordância das pessoas com as afirmativas:

| Creates Social Capital | Limits Social Capital |
|---|---|
| <ul style="list-style-type: none"> • Extensive participation in the community's activities • Participation for everyone's mutual benefit • Encourage collective action • Social relations that promote connection among actors • Creation of social networks by the actors involved in voluntary work • Companies | <ul style="list-style-type: none"> • Exaggerated emphasis on "business case", which leads to cynicism and distrust) • Attitudes that reinforce a relationship between who helps and ho is helped • A predetermined agenda representing a top-down approach and lack of broad consultation (for instance, regarding employees) • Policies that exclude some of the voluntary workers |

| Creates Social Capital | Limits Social Capital |
|--|--|
| <ul style="list-style-type: none"> • Consult key stakeholders, such as community leaders • Use of various means of communication (e-mail, Internet, Intranet, telephone, bulletin boards, meetings) • Open discussions with the community partners • Activities concentrated in multiple | <ul style="list-style-type: none"> • Inadequate sharing of information • Information systems not accessible to all • Lack of internal forums to discuss voluntary work issues • Voluntary activities not spread through all the communities immediately adjacent to the company operations |

Adaptado de Muthuri, Moon e Matten (2006, p. 33.)

Boutillier and Thomson (2011) propose a methodology for evaluating the LSO, based on their research and on the work by Nahapiet and Ghoshal (1998), which includes the topics below, to evaluate the correlation of people with their statements:

| Factor | Statements |
|-----------------------------------|---|
| Economic Legitimacy | The community benefits from its relationship with the company. We need the company's cooperation to accomplish our most relevant goals. |
| Interactional Trust | The company does what it promises to. |
| | We are satisfied with our relationship with the company |
| | The company's presence brings benefits to all of us. |
| | The company listens to us. |
| Socio-Political Legitimacy | The company contributes for the community's long-term welfare. |
| | The company treats everyone fairly. |
| | The company respects our way of doing things. |
| | The community and the company have a similar view about the city's future. |
| Institutional Trust | The company contributes more to those that are more greatly impacted. |
| | The company shares the decision-making with the community. |
| | The company considers our interests. |
| | The company worries about the community. |
| | The company shares information that is relevant to us. |

When analyzing the performance of InterCement in Pedro Leopoldo, we found that most of the aspects that the authors cited consider relevant, both for the creation of social capital and for the assessment of the community's perception of the company and the consequent

level for granting the SLO are present in the proposed work methodology. Therefore, its assistance can be assured and strengthened by a leadership profile, for the requirements for a SLO are already integrated into the process and operation model.

4. SUCCESS FACTORS

4.1 LEADERSHIP

The InterCement leadership process at the corporate level has had a key role in the development of work in Pedro Leopoldo, for it assures the involvement and engagement of the people in question. The company adopts a participative management model, with various committees and work forums. In all units, work environments are marked. The dialog practice is also very strong, and the board holds two general meetings per month, besides visiting each plant annually.

According to Ricardo Lima, vice president of operations, the *“InterCement DNA is the exercise of participative leadership, one that does not ignore the hierarchy, but where the different levels dialog and the information flows”*. According to him, this exercise has strengthened the work developed through the PDCA tool, and programs of quality and safety, as they are the company’s goals and can only be achieved with the participation of all.

In her account, Carla Duprat, Director of Sustainability of the Camargo Corrêa Groups states that the president of InterCement, José Edison Barros, *“plays a very important role in this, for a person who is so times, a participative leader. He mobilizes other, that’s his model”*.

In InterCement, involvement in voluntary work and in social actions is increasingly a part of the company culture, and this is reflected in its management system. They were the first to formalize the Civico in a corporate policy to include attributions related to social work in the job description of the plant manager position, and to adopt this concern in the recruitment, selection, training and leadership development, as well as praising social engagement in eventual career opportunities.

The actions carried out by the InterCement leaders in Pedro Leopoldo are also a success factor. Following the same model of participative and shared leadership, the plant’s general-manager of factory Mauricio Anacleto is seen by the volunteers and partners of the projects as an active partner. He grants power to others, as well as autonomy for them to take initiative and do things on their own, instead of waiting for external pressure. His interference in the actions is minimal, although permanent. According to Francisco, from the ICC, *“the role we expect from the local leader is exactly that. A leader that delegates, supports, motivates and guides others”*.

Thus, a major contribution of the local leadership is the valuation and stimulus to engage in voluntary work. Since the beginning of the ICC operation in Pedro Leopoldo, Maurício made a speech of recognition and valuation of such initiatives, besides giving an example of engagement himself.

Internally, this exercise of shared leadership fulfills the role of developing future leaders in the company. As Gerson (production analyst and InterCement volunteer) states: *“the planning of Dia do Bem Fazer is a test for being a leader in the plant. I practice outside what it is to be a leader. It develops our leadership skills and contributes a lot for the employee’s development. It is an opportunity to know yourself better, as well as your skills and limitations”*. On the other hand, Sidnei, a member of Civico in Pedro Leopoldo, says: *“they can develop personal skills, for in the community the hierarchy is different. A group leader (Gaiv) often works with people of a different social and hierarchical position. It changes one’s strength, voice tone; the individual becomes more confident about defending viewpoints”*.

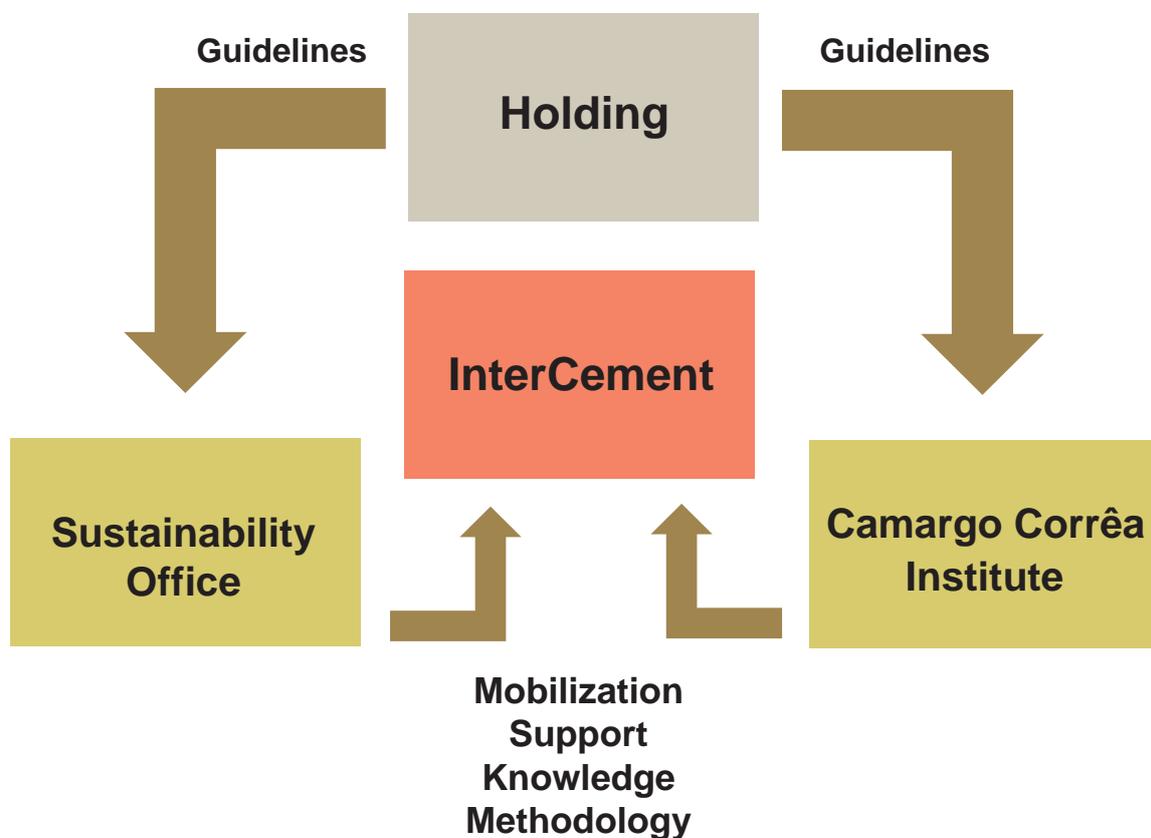
4.2 GOVERNANCE MODEL AND CLARITY OF ROLES

It draws attention to this case study the fact that the entire structure of the company understands the importance of social investment for the business: from shareholders to the Pedro Leopoldo employees, through the holding president, the directors of sustainability and the InterCement executives, all manifest themselves in a way that shows alignment.

Another highlight is the clarity of roles between all stakeholders, which is guaranteed by the governance structure of the Camargo Corrêa Group and the ICC work methodology.

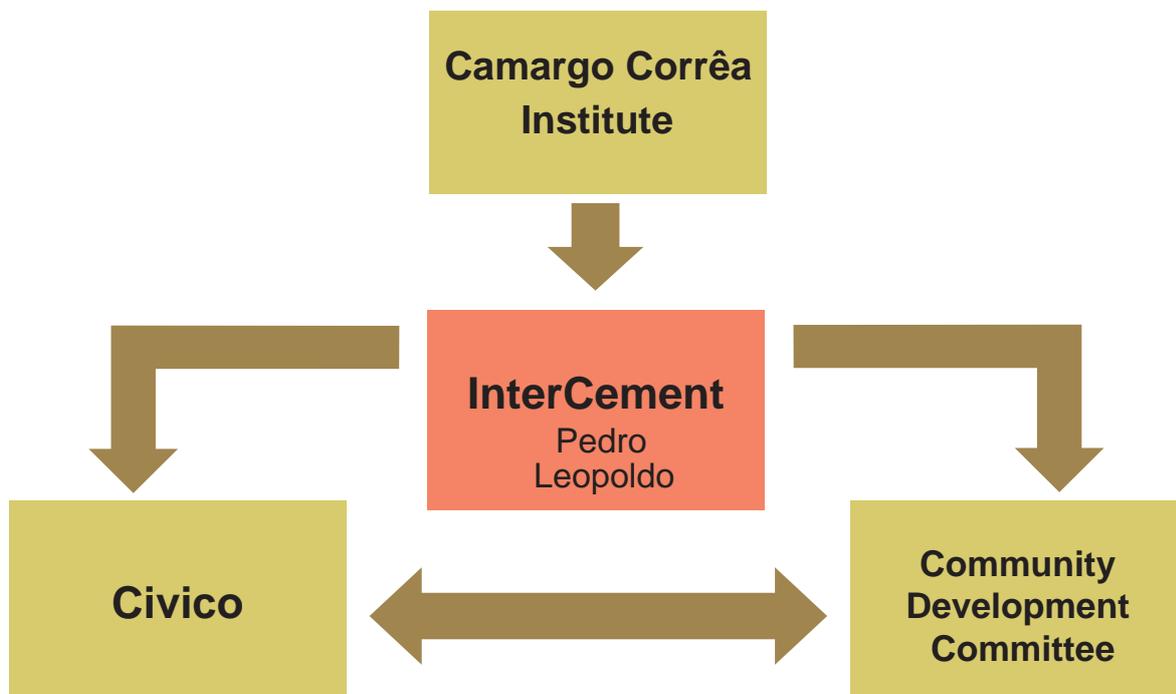
At the corporate level, the governance structure

reveals a clear division of responsibilities between the Camargo Corrêa Group, the sustainability board, the Camargo Corrêa Institute, and the InterCement. The first is in charge of the insertion and management of the sustainability issue in the Group companies, encouraging companies as for the challenges and opportunities in this field and providing concepts, methodologies and examples. On the other hand, the ICC is responsible for promoting social investment, which is primarily a value of the Group, articulating the strategy of this investment and providing the intelligence necessary to its implementation (action focus, methodology, benchmarking, etc.). The execution of actions is carried out by the company, in this case InterCement, which takes control of the private social investment projects in the community through its leaders and local volunteers.



At the local level, the roles are also clear. The governance structure designed by the ICC ensures alignment of expectations and responsibilities among the CDC (the community representative), Civico (the local unit representative) and the Institute (the representative of Camargo Corrêa Group). Civico stimulates voluntary

work and the employee's relationship with the ICC and the community; the CDC handles the project design and makes sure that the needs of the community are represented; finally, the ICC provides the basis for the group social investment guidelines to be followed.



In the two governance triangles, the corporative and the local, we verified a consistency among their discourses. Each one of them has the same view about the other parties' roles, which guarantees accountability and participation of all stakeholders.

The table below summarizes the conclusions reached by Zandvliet and Anderson (2009) after reviewing their work as consultants in dozens of projects in different continents, most of them in the mining sector.

4.3 THE INTEGRATED PERSPECTIVE OF THE ICC OPERATION MODEL

The methodology proposed by ICC organizes the InterCement social investment. There are some aspects of the model that are essential and putting them into practice explains the success of the experiences.

“When we compare the experiences with companies from different sectors, in different parts of the world, we find (only) three areas that determine whether things are going good or bad for the company in its relations with the community. They are: distribution of benefits and indirect and/or long-term impacts and behaviors.”

By analyzing the methodology of the ICC from this perspective, it is clear that it considers these criteria in a structured way, with regard to social investment.

SOCIAL CAPITAL GENERATION



The participative nature of the projects and how they are defined assure a clear perception of such criteria. The CDC is the party that makes such decisions, which become therefore transparent to society.

The approximation established among the company, its workers and the community facilitates the dialog. The diagnosis dialogs show everyone the willingness to consider different opinions and a posture that neither the company nor its workers are "self-righteous". This attitude demonstrates respect, trust and concern about the community.

The third point raised was the convergence of the boundaries of responsibilities, from the perspective of both the company and the community. The differences between these perceptions are often a source for conflict and misunderstanding in different contexts. Two factors that contribute for that not happening in Pedro

Leopoldo, in the scope of social investment: the first is the company's clarity in presenting its priorities, programs and operation model to the community, since the first moment. The second relates to the Voluntary Ideal program. As the program operates in a more freely way by selecting its projects according to the community's most significant demands, it creates an expanded perception of the company's operations.

4.4 THE EXCHANGE OF SUCCESSFUL EXPERIENCES

After the process of defining the programs and issues to be worked out, the greatest challenge was the development of the projects. The participants were familiar with the problem, but had neither knowledge of alternative solutions nor methodological knowledge for project development.

The decision to identify successful experiences for each of the themes and to promote exchanges between the Pedro Leopoldo group and the organizations involved brought knowledge and confidence for all participants and helped increase the process credibility.

The use of Operating Partners, who shared responsibilities with the CDC and with the community to put the projects in progress – and that sometimes were the same people to support the reference experience – ensured the necessary conditions for the necessary agility and confidence in this first phase of deployment. Not surprisingly, the project that had the greatest challenges in consolidating its implementation was the very one that did not count on this qualified support.

5. RISK AND OPPORTUNITY

Aside from the obvious care with the success factors, which means the attentive project development to assure that they remain active and the continuous provision of the conditions for Private Social Investment, few aspects were identified as potential risks or opportunities.

The first of them relates to inter-sectoriality. The presence and activities of different sectors, the company, the public authority and the society, are more than a success factor: they are key premises of this methodology. Although this collective activity has been initially ensured, throughout the process some sectors tend to become distant at certain moments. During the diagnosis, decision-making and design processes, the civil entities participated more actively. At the implementation



Volunteers make improvements in school of Pedro Leopoldo

stage, however, the government and the ICC partners played more relevant roles, which led to a certain detachment from some of the participants.

This is a challenge for every process that requires social mobilization. The sharing of results, the communication and the creation of opportunities for all to participate is essential to maintain the links with the process, at least at some moments.

Another aspect – this one a very opportunity – relates to the dialog with other large cement companies that operate in the region. All of them develop projects of which results could be enhanced through a greater integration with a future view for the city.

This sort of partnership is not easy to establish, but it may be an opportunity to broaden the results and the CDC credibility, reducing the dependency on InterCement.

The risk of changes in context is not significant.

The changes in the company's command were not considered by the respondents as threats, for the whole process was developed with much involvement and commitment of the local team and is now internalized in rites, practices and commitments.

On the other hand, changes in the local public administration are uncertain to some extent. Some of the projects were incorporated as public policies, which gives them greater stability. In case there is a significant change in the City Hall management, the more likely scenario is a period of slower activity, until the alliances and agreements are reaffirmed, but no ruptures that may compromise the projects' continuity are expected, according to the respondents.



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