

Business and Sustainability in Brazilian Top Companies: The State of Art in Sustainable Practices Adoption

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Abstract

A recent concept that can potentially drive companies around the globe is the concept of sustainability; more precisely, organizational sustainability. Although there is no agreement about its definition, it is generally accepted that companies should balance three equally

important and interconnected perspectives: economic–financial performance, social responsibility and environmental responsibility. In this context, it is important to verify whether the concept has also practical applicability: whether companies are, in fact, adopting sustainability practices. More specifically, it is necessary to verify issues related to social and environmental responsibilities, because financial issues have massively been discussed through out the years. In this sense, the present work pretends to map social and environmental responsibilities practices adoption in Brazilian top companies. 413 companies were considered suitable to participate in this research. Using responses (closed answers) about social and environmental responsibilities, it was possible to better understand sustainable practices adoption in Brazilian companies.

Keywords: Sustainability; Organizational Sustainability; Sustainable Practices; Sustainable Practices Adoption; Brazilian Top Firms.

Introduction

Organizations have a giant influence in our lives. Organizations are basically studied due to the following motives: 1) organizations are means by which mankind dominates the nature; 2) organizations have immense power (financial and social); 3) the study of organizations have practical applicability; and 4) organizations are potential agents to promote economic and social changes (Bedeian and Zammuto, 1991).

While understanding organizations as potential agents of change, it is important to consider their role as economic agents that can potentially generate financial results, that can promote better social changes and that can respect the environment. In this sense, Sachs (1993) states

that the sustainability is achieved when the same level of importance is attributed to social, economical, ecological, spatial and cultural aspects; these perspectives are interconnected in such a way that any change in one of them affects all the others.

Companies are economic agents with high potential to promote economic and social changes. On the other hand, these changes must have some coordination to become reality; it means, there must be a driver and efforts should be done according to this driver. Sustainability appears to be a very good driver and that is why it should be better studied.

The concept of sustainability represents, though, a new approach of doing businesses; for the first time, issues such as social inclusion, reduction and optimization of natural resources and their impact over the environment, without neglecting economic-financial viability of companies are being discussed. This new approach creates value to the stockholders, promotes long run development of businesses and contributes to the whole society development (BOVESPA, 2008; Atkinson, 2000; Hoffman, 2000).

Although the financial, or economic-financial, issues were somewhat important in the previous decades, such as, for instance, in the approaches of *Tableau de Bord*, conceived by French engineers in the beginnings of the 20th century, and pioneer in the measurement of organizational performance, it is notable that other perspectives are experiencing growing importance.

According to DeBusk et al (2003), the disadvantage of the *Tableau de Bord* when compared to other organizational performance measurement models is exactly the fact that it focuses on

the traditional financial indicators, putting the non-financial indicators in a secondary position.

The evolution of these organizational performance measurement models reflects the vision outside the financial perspective, such as, the Martindell model, the Buchele model, the Objectives Administration model, the Key Results Areas model, the Corrêa model, the Total Quality Management (TQM) model, the Balanced Scorecard (BSC) model, the Sigma Sustainability Scorecard model (SSS), the Skandia model, among others (Martindell, 1950; Buchele, 1971; Drucker, 1968; Corrêa, 1986; PNQ, 2007; Kaplan and Norton, 1997, 2000; Savitz and Weber, 2007; Edvinsson and Malone, 1998). By the way, the SSS model proposes a specific perspective for the sustainability issue and that is why it should be more deeply studied.

Then, how can the sustainability be measured? There is no simple answer. First because there is no agreement about its definition; second, because it is not easy to measure social and environmental benefits. Trying to solve part of this problem, the paper adopted a proxy for the social and environmental benefits: they can be measured by the adoption level of sustainable practices. Because “adoption level” is still a subjective concept, it was assumed that the number of practices a company adopts refers to its “adoption level”.

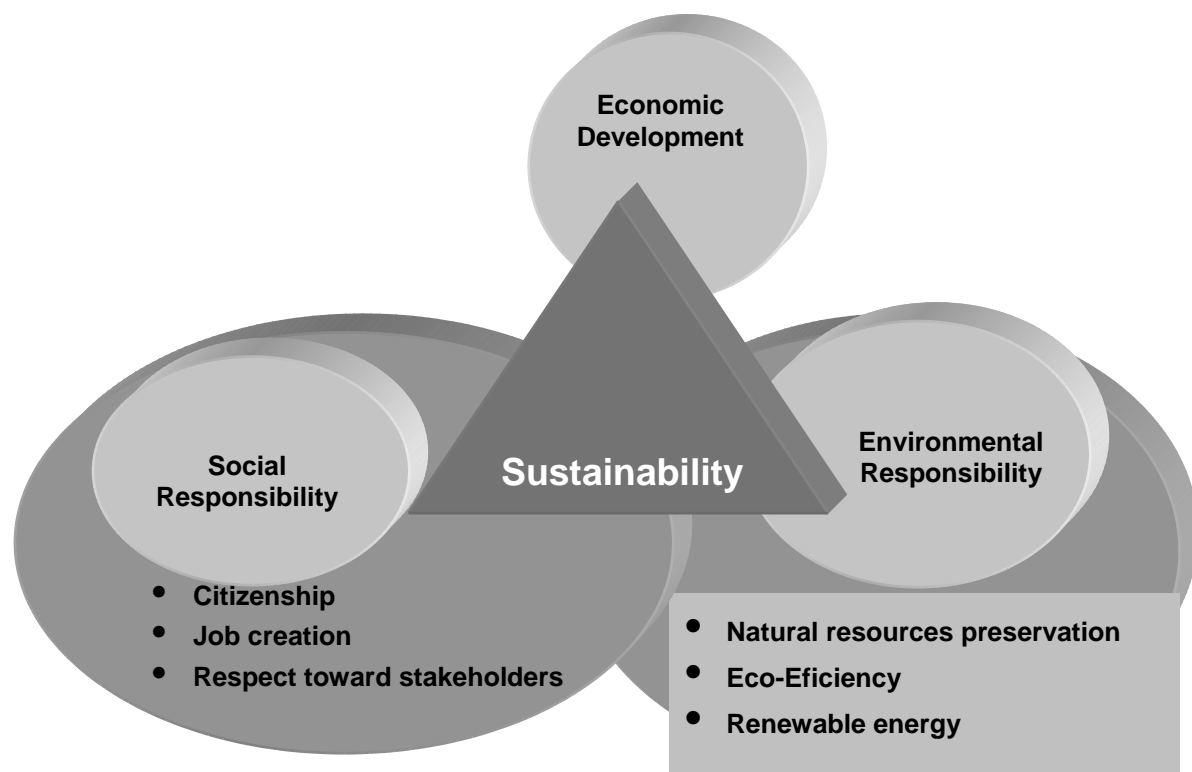
From a sample of more than 500 companies, 413 were considered suitable for the present research. Part of the questionnaire that was responded contained questions about social and environmental issues.

The results do not lead to conclusive statements, although they lead to a map of the sustainable practices adoption in Brazilian top companies, which is, finally, the goal of this work.

Theoretical Frame

More recently, there is a growing concern about measuring the strategy of companies more globally and in a sustainable way. In this sense, organizational sustainability can be defined as the capability of reaching the organizational goals from the integration of social, environmental and economic growth within its business strategies. Figure 1 presents the relationship of these three concepts, which form the sustainability of the company.

FIGURE 1 – Sustainability perspectives



Source: adapted from Savitz and Weber (2007)

Sustainability proposes to operate the company without exploiting the human beings and without damaging the environment. Sustainability is, then, “accepting the interdependency of different aspects of the human existence” (Savitz and Weber, 2007, p. 3). Financial outcomes are very important and generate benefits to individuals and to companies. On the other hand, “other human issues are also fundamental, including familiar life, intellectual growth, artistic expression, moral and spiritual development” (Savitz and Weber, 2007, p. 3). To sum up, sustainability is the way of managing businesses that promote growth and generate profit, being conscientious about economic and non-economic aspirations of all individuals involved with the company.

In this sense, the Sigma Sustainability Scorecard (SSS) is an organizational performance measurement model adapted from the well-known Balanced Scorecard (BSC) model and that connects different aspects of the organizational performance.

The Sigma Project – Sustainability Integrated Guidelines for Management, the baseline for the SSS, was launched officially in 1999 by the British Standards Institute (BSI). This model strengthens the organizational comprehension about its own operation and supports the decision making process. The SSS proposes two adaptations to the BSC model. First, it adopts a sustainability perspective, not only a financial perspective. Second, it adopts the stakeholder perspective, not only the client perspective. These concepts are presented in Figure 2, as follows.

FIGURE 2 – The Sigma Sustainability Scorecard perspectives



Source: adapted from The Sigma Project (2003)

The stakeholder perspective represents a satisfied stakeholder. The sustainability perspective concerns the ecological, human rights and economic performance. The internal processes present performance indicators such as eco-efficiency, productivity and cost. And the Learning and Growth perspective concerns innovation, continuous learning and intellectual capital. Besides those perspectives, the Sigma Sustainability Scorecard still presents performance indicators similar to those found in the Balanced Scorecard.

To implement this model, it is necessary to define values, mission, and vision of the sustainability and to have the management commitment to these changes. It is also necessary to identify the critical success factors, to build the strategic map and to identify strategic objectives, performance indicators, goals and strategic initiatives.

The guidelines in the Sigma Project can clarify doubts and transform challenges into opportunities, to all companies. In this way, based on the Sigma Project and mapping the

organizational social and environmental responsibility practices adoption in Brazil, this study points a perspective for building a more sustainable future and discusses the best practices to run businesses differently.

Methodology

The sample

The exploratory survey was based on non-compulsory answers from more than 500 companies, from which only 413 were considered valid. The requisites that participants must comply are: 1) respond and send the whole questionnaire within the deadline; 2) send the necessary documentation (general information about the company); and 3) send part of the questionnaire to the employees, in order that they could answer it.

The sample of valid answers to the questionnaire was composed of 413 companies and industries within this sample included: Food, Beverage and Tobacco (26); Wholesale e International Exchange (2); Automotive (22); Banking (9); Retail (25); Clothing and Textile (4); Construction (14); Cooperatives (7); Consumer Electronics (9); Pharmacy, Personal Care and Cleaning (18); Furniture (7); General Manufacturing (12); Mechanical Engineering (4); Metallurgy and Steel (26); Mining (4); Paper and Pulp (6); Plastics and Rubber (7); Chemical (24); Health Services (24); Transportation Services (19); General Services (33); Financial Services (16); Public Services (13) and Others (49). Number and percentage of companies in each industry are presented in Table 1, as follows.

Table 1 – Number and percentage of companies within industry

Industry	Number	Percentage
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Food, Beverage and Tobacco	26	6,3%
Wholesale e International Exchange	02	0,5%
Automotive	22	5,3%
Banking	09	2,2%
Retail	25	6,1%
Clothing and Textile	04	1,0%
Construction	14	3,4%
Cooperatives	07	1,7%
Consumer Electronics	09	2,2%
Pharmacy, Personal Care and Cleaning	18	4,4%
Furniture	07	1,7%
General Manufacturing	12	2,9%
Mechanical Engineering	04	1,0%
Metallurgy and Steel	26	6,3%
Mining	04	1,0%
Paper and Pulp	06	1,5%
Plastics and Rubber	07	1,7%
Chemical	24	5,8%
Health Services	24	5,8%
Transportation Services	19	4,6%
General Services	33	8,0%
Services	16	3,9%
Public Services	13	3,2%
Others	49	11,9%

Informatics and Technology	25	6,1%
Telecommunications	08	1,9%
Total Sample	413	100,0%

The questionnaire

The questionnaire was composed of 36 questions, including general information about the company, employees' satisfaction, knowledge management and social-environmental sustainable. The purpose of the questionnaire was not to understand specific issues on sustainable practices adoption, but to rank the best firms to work in Brazil. Because there might be any influence of social-environmental practices and employees satisfaction in companies, questions regarding sustainable practices were included, as presented in Chart 1.

Chart 1 – Perspectives and Relevant Aspects of social-environmental questions

Questions	Perspectives	Relevant aspects
Does the company adopt specific programs to enhance the care, attraction and retention of women in your staff?	Social responsibility	Diversity: gender
Did the company develop any social responsibility action in 2006?	Social responsibility	Social responsibility in practice
Does the company have any organized program to preserve the environment?	Environmental responsibility	Environmental preservation
Does the company adopt any action to the handicapped employees?	Social responsibility	Diversity: handicapped employees

Has the company elaborated and disseminated any ethic and / or conduct code to guide the employees' behaviour?	Social responsibility	Ethics
Is there any formal process to integrate employees to the organizational culture?	Social responsibility	Organizational culture
Is there any formal process to integrate outsourced contracted to the company?	Social responsibility	Outsourced integration

In following section, there is a discussion about the results and its analysis.

Results and Analysis

From the responded and validated answers to the questionnaire, it is possible to calculate the number and the percentage to each available answer.

Question 1: Does the company adopt specific programs to enhance the care, attraction and retention of women in your staff?

CHART 2 – Number and Percentage of positive indication to each available answer to the question: Does the company adopt specific programs to enhance the care, attraction and retention of women in your staff?

Answers	Number	Percentage
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Yes, and there are facilities to assist and care employees' children.	31	7,5%
Yes, and there are educational or complementary education programs to the employees' children.	56	13,6%
Yes, and there are counselling and support to family planning.	47	11,4%
Yes, and there is assisted discussion to debate and promote actions that should improve women's life quality in the work environment.	80	19,4%
Yes, and there is orientation about the development of women's career.	45	10,9%

Assuming that all answers had less than 20% of positive indication, there are strong indications that Brazilian companies are not concerned about woman insertion in the job market. Specifically, programs to enhance the care, attraction and retention of women are not used as a gender diversity tool. Factors that could explain this result are: there might be industries in which male workforce is predominant, existence of prejudice against the insertion of women in the corporative environment and lack of habit to promote gender diversity. Another factor that might not be despicable is that Brazilian culture reinforces men as the housekeeper, financially speaking, and gives women a “secondary” role inside the house.

Question 2: Did the company develop any social responsibility action in 2006?

CHART 3 – Number and Percentage of positive indication to each available answer to the question: Did the company develop any social responsibility action in 2006?

Answers	Number	Percentage
Yes and the actions involved the employees.	309	74,8%
Yes and the actions involved the employees' family.	170	41,2%
Yes and the company stimulates and supports periodically employees' actions of volunteerism.	271	65,6%
Yes and the company stimulates and supports periodically employees' family actions of volunteerism.	86	20,8%
Yes and the actions involved the community nearby the facilities of the company.	270	65,4%
Yes and the company adopts formal mechanisms to evaluate results from social-environmental programs and actions.	153	37,0%
Yes and the company adopts programs or actions to prevent sexual or moral harassment.	140	33,9%
Yes and the company adopts programs or actions to promote social, racial and gender diversity.	151	36,6%

In 2006, it is necessary to highlight three actions regarding social responsibility adopted by Brazilian companies (more than 65% of positive indications): 1) actions involving employees; 2) actions that stimulates and supports periodically employees' volunteer actions; and 3) actions involving the community nearby the facilities of the company. Although there still is space for developing these points, it is interesting to see that some social responsibility actions are being adopted by more than half of the companies in the sample. This shall represent a better understanding of the social responsibility conscience and its practices as well.

Involving the employees' family in social actions is still rare in Brazilian companies. A possible reason for this fact is that companies are trying first to attract their own employees to social actions and maybe, in a second moment, they will try to attract the employees' family. There is still a long way to go through when concerning three social responsibility actions: 1) adoption of formal mechanisms to evaluate results from social-environmental programs and actions; 2) adoption of programs or actions to prevent sexual or moral harassment; and 3) adoption of programs or actions to promote social, racial and gender diversity. One possible reason to try to understand this result is that these topics are not yet seen as important.

Question 3: Does the company have any organized program to preserve the environment?

CHART 4 – Number and Percentage of positive indication to each available answer to the question: Does the company have any organized program to preserve the environment?

Answers	Number	Percentage
Yes and there is a program to separate the garbage.	320	77,5%
Yes and there are campaigns to preserve the environment.	273	66,1%
Yes and there is financial support to third parties that help to preserve the environment.	128	31,0%
Yes and there is support to social actions of employees to preserve the environment.	184	44,6%

Regarding the sample, there are evidences that companies have some organized programs to preserve the environment. Highlights: garbage separation and campaigns to preserve the environment.

Financial support to third parties that help to preserve the environment is an action that should be reconsidered in companies' strategies because these third parties are supposed to be much more prepared and with more experience than the companies themselves. They should, of course, be concerned about environmental issues, but could delegate part of it to others that can potentially have much more expertise.

Involving employees in the environmental issues is simple and could be more and better explored by Brazilian companies.

Question 4: Does the company adopt any action to the handicapped employees?

CHART 5 – Number and Percentage of positive indication to each available answer to the question: Does the company adopt any action to the handicapped employees?

Answers	Number	Percentage
Yes and the company employs 5% of them in its staff.	77	18,6%
Yes and the company employs less than 5% of them in its staff.	146	35,4%
Yes and the company is engaged to employ 5% of them in its staff.	104	25,2%
Yes and the facilities are adequate to the handicapped.	127	30,8%
Yes and the company supports organizations that assist the handicapped.	157	38,0%

The inclusion of the so-called handicapped (special needs employees) seems to be a subject to be better worked out by Brazilian companies. Less than 40% of the sample admits to have any action regarding this subject. In Brazil, there is a law that states that companies with more than 100 employees must have at least 5% of them handicapped but because its control

by authorities is not efficient, most of companies do not follow the law. The numbers presented above show part of this reality and there is still a long way to be run to the handicapped inclusion in the work environment and in the Brazilian society.

Question 5: Has the company elaborated and disseminated any ethic and / or conduct code to guide the employees' behaviour?

CHART 6 – Number and Percentage of positive indication to each available answer to the question: Have the company elaborated and disseminated any ethic and / or conduct code to orient the employees' behaviour?

Answers	Number	Percentage
Yes and the employees had the opportunity to question, to criticize and/or contribute to the clauses that constitute the code.	92	22,3%
Yes and the company disseminates the code through any internal communication mean, such as organizational newspapers, magazines, intranet and billboards.	231	55,9%
Yes and the company formally disseminates the code through interactive activities, such as meetings, workshops, seminars and formal training.	201	48,7%
Yes and the managers were formally trained or guided about how to disseminate the code.	161	39,0%
Yes and there is a formal program to monitor the code accomplishment.	102	24,7%

Although approximately half of the companies in the sample agree that they have an ethic code and disseminate it, they should consider employees to question, to criticize and to contribute to the code. This reality represents the initial expectation that the ethic codes are implanted and implemented in a top-down way, with little or no employees' participation. Besides, there is little or no rigor to monitor the accomplishment of the code. These numbers shall reveal a sad reality in Brazilian companies: most of the decisions are taken only by the board level and some actions are done only because others are doing so, not because there is a perception that it is important.

Question 6: Is there any formal process to integrate employees to the organizational culture?

CHART 7 – Number and Percentage of positive indication to each available answer to the question: Is there any formal process to integrate employees to the organizational culture?

Answers	Number	Percentage
Yes and the company have specific programs to assist the new employees' integration.	347	84,0%
Yes and there is a formal program to disseminate the culture, mission, vision, values and the ethic code of the enterprise to all employees.	293	70,9%

These results reinforce the initial expectative that pointed new employees as important in the company's competitiveness. Nowadays, there is a fierce competition and employees are key components in this scenario. Integrating them and diffusing the company's principles are relevant actions to them.

Question 7: Is there any formal process to integrate outsourced contracted to the company?

CHART 8 – Number and Percentage of positive indication to each available answer to the question: Is there any formal process to integrate outsourced contracted to the company?

Answers	Number	Percentage
Yes and the outsourced employees are involved in activities to integrate them to the organizational culture.	187	45,3%
Yes and the outsourced employees are invited to integration activities, such as parties and other commemorations.	214	51,8%
Yes and the organizational strategy is disseminated to outsourced employees.	114	27,6%
Yes and there are trainings about culture, mission, vision, ethic code of the organization to the outsourced employees.	121	29,3%
Yes and the company adopts formal policies to guarantee equality between employees and outsourced employees.	79	19,1%

Although outsourcing is a phenomenon with high growth rates, the numbers show there is little concern about integrating outsourced employees with the rest of the company. Outsourcing was experienced a boom in the Brazilian job market since the last decade of the 20th century due to the fact that Brazilian laws regarding contracting formal employees were and still are very rigid. Jobs related to mean-activities were massively outsourced; most of time, the same employee that belonged to the company was now outsourced. Because they work in or for the company, more attention should be given to integrate them with the rest of the company.

Conclusions

Measuring sustainability is not easy when its own concept is not yet well defined and accepted both by the market and the academic environments. The definition adopted for this paper was referencing sustainability to economic-financial performance, social responsibility and environmental responsibility. Because the economic-financial perspective has been massively explored along the years, special attention to social and environmental aspects should be given.

This paper, trying to map the sustainable practices adoption in Brazilian companies, found topics that should be better worked out, such as the gender diversity issue, the handicapped inclusion issue, the integration of outsourced employees issue, the participation of employees in the elaboration of the ethic and conduct code issue, the monitoring and adherence of the code to day-to-day practices issues and the support to employees' family to volunteerism issue.

Future studies shall include other mechanisms to measure sustainability, specially the social and environmental perspectives. Besides, others questions should be added to the questionnaire and more companies should participate in the study.

The research shows that a lot has been done in terms of sustainable practices in Brazil. On the other hand, much more still must be done and papers like that are important while bringing up the subject of sustainability back to the management agenda, trying to show decision makers that sustainability is more than a concept, it refers to practices that can lead to a better future.

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