PEOPLE MANAGEMENT FOR SUSTAINABILITY IN BRAZILIAN COMPANIES

MSc. Luis Roberto Arruda
Corresponding Author

Federal Fluminense University, MSG/LATEC
Rua Passo da Pátria 156, sala 329-A - Bloco E CEP 24210-240, Niterói - RJ, Brazil
Phone/Fax number:+55 21 2629-5620,
e-mail: luisarruda@oi.com.br

PhD. Osvaldo Luiz Gonçalves Quelhas

Federal Fluminense University, MSG/LATEC
Rua Passo da Pátria 156, sala 329-A - Bloco E CEP 24210-240, Niterói - RJ, Brazil
Phone/Fax number:+55 21 2629-5620,
e-mail: quelhas@latec.uff.br

PhD. Valdir de Jesus Lameira

INESC Coimbra, University of Coimbra, Portugal
Rua Antero de Quental, 199, 3000-033, Coimbra, Portugal
Phone/Fax number: +351 239 851040/+351 239 824692,
e-mail: vlameira@uol.com.br

MSc. Fernando Neves Pereira

Federal Center of Technological Education
Sockow Celso Fonseca
Av. Maracanã, 229 sala 01 - Bloco A CEP 20271-110, Maracanã- RJ, Brazil
Phone/Fax number:+55 21 22647376,
e-mail: fnevesp@gmail.com
DSc (in course), Federal Fluminense University, Civil Engeneering

ABSTRACT

Purpose

Brazilian companies have been implementing sustainable development strategies to reduce environmental damage. The aim of this article is to analyse the alignment of people management in relation to sustainability policies within organizations.

Design / Methodology / Approach

The article is a quali-quantitative study of six Brazilian international companies. Interviews have been carried out with eleven personnel managers. The sample is based on a non-random selection process for convenience. The interviews identify characteristics, actions and opinions displaying the development of expertise in the field of sustainability.

Findings
Results reveal that: a) programs of variable remuneration are not always linked to sustainable policies; b) the most common people management actions are remuneration, health care benefits and preventative "training" in health and safety in the workplace; c) actions related to the Quality of Life in the Workplace, such as the deterrent of "extra hours" do not exist or were found to be a relatively new strategy used by companies.

Keywords:

People Management, people development, sustainability and sustainable development.

1. **Introduction**

Climate change and the instability of financial markets dominate debates about economic growth. Consequently, businesses are beginning to see environmental issues as an opportunity to create new jobs, stimulate consumption and increase investment (Harvey, Bosco and Emanuele, 2010).

In Brazil, companies are implementing sustainable development strategies based on Triple Bottom Line (TBL) dimensions. Nevertheless, it is clear that the different social, economic and environmental dimensions are given differing degrees of importance by different hierarchical levels within organisations. If on one hand the contrasting opinions lead businesses towards new challenges and new findings, on the other they also demonstrate that this culture and these values are not shared by all organisations.

In order to act differently, viewpoints must be altered and renewed because it is impossible to change without learning or to learn without changing. To achieve this, businesses must establish suitable people development policies to fulfil green economy promises. Studying the attitudes of green-collar workers in relation to environmental activities within their organisations, Harvey, Bosco and Emanuele (2010) indicate differing levels of knowledge about environmental issues, for example the Kyoto Protocol. Additionally, the study concludes that when employees feel that the organisation reflects their interests regarding environmental issues, there is a greater willingness on behalf of the employees to recommend the employer to others.

Therefore, the objective of this study is to analyse the alignment of people management practices in relation to sustainability policies within Brazilian organisations. The importance of this issue stems from the emergence of sustainability as a key area in Brazil and consequently the analysis of the alignment of these practices can help businesses to introduce continuous improvements into their people management processes.

Documental analysis and interviews are used as methodological approaches in a sample of six Brazilian international companies to obtain information to lead the authors to construct a analysis of the phenomenon.

The article is structured as follows. Literature review and methodology are presented at section 2. Section 3 contains the results. Final considerations are presented at section 4.

2. **Literary Review and Methodology**

2.1 Sustainable development: discourse and modern practices

The search for competitiveness and the growing battle for markets have given rise to business models based on technological innovations, people management and knowledge management. These concepts in the field of Business Administration are associated with the acquisition of competitive differentials, adding value and offering better services. These origins date back to economic globalisation and the beginning of worldwide financial investment strategies (Chesnais, 2005).

However, these models continue to be based on the capitalist framework of production, allowing the raw materials required for production to be extracted from the environment and later returned as residues and pollution. This has created instability and is driving mankind towards environmental disaster. Therefore sustainability has become the key issue in debates. Dialogue is no longer focused on economic growth and protecting the environment, but instead on what kind of developments should be implemented (Lowi, 2005; Layrargues, 1997; Araújo and Mendonça, 2009).

In the field of sustainable development the debate is centred on two models. The first model originates from the founding dialogue of the Stockholm Conference (1972), which bases its understanding of the economy on market logic and defends economic growth aligned with protecting the environment. This model places a secondary importance on ethical and political considerations, as well as issues concerning social equality and justice. The second model comes from the work of Ignácio Saches about eco-development (1980) and is based on a critique of capitalist civilization, placing emphasis on social equality and opposing economic and

technological reductionism by arguing that without the incorporation of social inequalities and ethical values such as respect for life and for different cultures, there is no sustainability (Deluiz and Novicki, 2004).

In the corporate world, it is clear that businesses must find a balance between making profit and paying shareholders while using management models that include socially responsible practices as a way of demonstrating their commitment towards sustainability. During this transformation process, which has been slow but sensitive, Blasco (2007) identified three corporate generations: the first generation, which gives economic factors maximum priority to the detriment of environmental and social issues; the second generation that sees an equalization of the three factors and their interfacing, creating opportunities in relation to eco-efficiency, production process safety and socioeconomic development; and the third generation which has fully integrated the three factors and performs in an entirely responsible manner, creating intangible benefits for organizations (Figure 1).

Figure 1: Corporate Generations
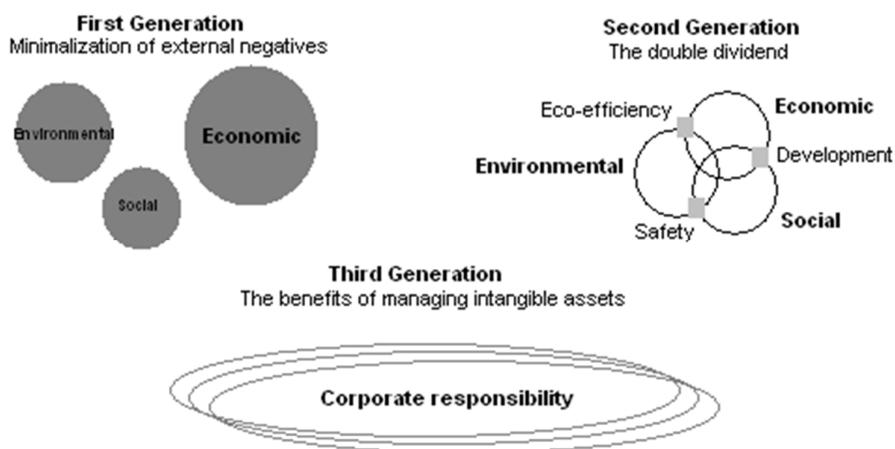
Source: José Luis Blasco. Os indicadores para as empresas. Fundação Santander. 2007

In the United States the concept of sustainability inspired the natural capitalism movement to attempt the integration of socioeconomic life and biological cycle patterns. This movement recommends four strategies for sustainable development: 1) increase the productivity of the natural resources used; 2) redesign the production processes in accordance with biological models so that the production processes become biodegradable and interact with the natural ecosystem, or they can be reused as raw material in the production process; 3) substitute business models that sell assets for business models that sell services; and 4) reinvest financial resources in natural capital so natural resources do not become a major problem for future development (Calia, 2007).

Sisinno and Moreira (2005) reveal another form of dealing with sustainability adopted by companies who have installed programs of eco-efficiency where the production process is permanently monitored with the aim of identifying any wastage in the use of water, energy and materials that raise overheads for the companies, and the generation of residues and waste. They further highlight the Cleaner Production methodology as one of the instruments capable of increasing competitiveness, innovation and environmental responsibility in the Brazilian production sector.

Companies have used indicators as another form of dealing with sustainability. The Ecological Footprint aims to calculate the land mass necessary for the production and maintenance of assets and services consumed by a certain community and the Environmental Sustainability Index (ESI) identifies the long-term financial performance of companies by analysing the risk and opportunities for economic, environmental and social factors (Siche *et al*., 2007).

In the 1990s, there was a significant increase in the number of Brazilian companies looking to construct a better image through the promotion of private social investment (PSI) and socially responsible business practices (RBP). In accordance with research in this area, a socially responsible company reinforces action in the public sphere and meets the democratic rules of the game without gaining undue or special advantages (Cheibub and Locke, 2002; Costa, 2005).

2.2 Sustainability and people management in Brazil

The redemocratization of Brazil at the beginning of the 1980s established the rules of the game for national government conditioned by sustainability criteria. A series of environmental laws created during this period demonstrate the relative strength of different stakeholders in implementing a process of sustainable development in the country (Alexandre and Krischke, 2006). For example, the national environmental policy (1981) made both the appraisal of environmental impact and licensing for polluting activities compulsory; the Federal Constitution (1988) added environment issues to article 225 establishing the public and collective duty to defend the environment.

With the context of this framework, it is not uncommon to find documents published by companies (reports, advertisements and websites) announcing the implementation of sustainable development strategies influenced by Triple Bottom Line. Although the phenomenon of sustainability can be considered relatively new and uneven when analysing its implementation in different economic sectors, there is an undeniable expansion in the introduction of environmental management models and of social responsibility within Brazilian companies as a way of consolidating policies of sustainable development.

The transition from an industrial society to a knowledge-based society created new concerns for business organisations. One of these is specifically related to knowledge management, because it is probable that three quarters of the added value of a product comes from its invested knowledge (Antunes and Martins, 2002).

The recognition that knowledge is a unique and vital resource for organisations means that companies must be more concerned with the working conditions provided for human resources, as these represent their most important asset. However, it is clear that the different processes of productive restructuring, mainly those that took place in the 1990s, led Brazilian organizations to act disloyally and workers became disillusioned. Dupas (2008), analysing the impact of "knowledge-based economy", highlights the contradictory relationship of this capitalist model which, on the one hand, sees work become an increasingly important component and, on the other, acquires greater importance the cheaper it is.

Human resource policies hold significant importance for sustainability within companies, because the quality of the results achieved is intimately linked to the way people are managed. Within companies, variable remuneration systems have been implemented as a way of increasing motivation. However, applying such systems is complicated and often contradictory, because the main interested parties – managers, workers, syndicates, shareholders and clients – have different interests when defining the criteria to be rewarded, be it financial or non-financial. Companies therefore need to be ready to deal with tensions arising from these multiple objectives and influences (Neto, 2006; Lucas and Atkinson, 2011).

Since the industrial revolution, the purpose of worker education has evolved from a tendency to train workers to execute tasks in the workplace towards a tendency for being an agent of change, with the emergence of corporate universities. The necessary skills to sustain competitive strategies are generally identified by surveying staff development needs (Meister, 1999; Milkovich, 2000; Eboli, 2004).

For Garrido (2006), worker education must replace the framework of bureaucratic, incremental and adaptive management with the framework of environmental management, favouring education, learning and sharing knowledge. According to the author, the majority of businesses promote learning incrementally or through adaptation, focusing on short-term results and the mastering of tasks that are part of the daily routine and are unrelated to business strategies. Replacing this framework is a vital condition for the consolidation of a vision of sustainability within companies, because environmental management eliminates the risks and threats environmental issues may pose for companies in the future.

2.3 Methodology

This is a quali-quantitative study which has used sustainability reports from six Brazilian companies operating at international level in the sectors of Petroleum and Gas, Iron and Steel, Aviation, Cosmetics and Mining. As well as documental analysis, interviews were carried out with eleven personnel managers of these companies between 29/7/2010 and 10/9/2010, with the aim of gathering information displaying the development of expertise in the field of sustainability. The sample is based on the statistic concept of non-random selection for convenience.

As scientific bases, Emerald (http://www.emeraldinsight.com), Scopus (http://www.scopus.com) and SciELO (www.scielo.org) were used in the literary review:

Journal	ISSN
Ambiente & Sociedade	1809-4422
Boletim Técnico do SENAC	0102-549X
Cross Cultural Management	1352-7606
Employee Relations	0142-5455
Gestão & Produção	0104-530X
International Journal of Sustainability in Higher Education	1467-6370
Journal of European Industrial Training	0309-0590
Management Research Review	2040-8269
Nueva Sociedade	0251-3552
Revista de Administração Mackenzie	1678-6971
Revista Internacional Interdisciplinar Interthesis	1807-1384
Sociedade e Estado	0102-6992

3.   **Results**

This section presents the results drawn from the analysis of sustainability reports from six research companies and the interviews carried out with eleven personnel managers from these organizations. The data gathered has been organised according to the dimensions listed below, with the objective of identifying patterns, trends, conflicts and contradictions when analysing the data.

Table 1: Dimensions and Concepts

Dimension	Related concept
Corporate governance	Collection of processes, customs and policies that regulate the way a business organisation is managed, administrated or controlled
Sustainability policies	Expression of commitment by the organization with the present or the future. This requires interaction among the interested parties – clients, employees, shareholders, investors, suppliers, communities and government
Human resources management	Principles and processes related to performance, training and development, attraction and retention, tasks and salaries. These policies are of significant importance to the quality of the results achieved
People management	Reveals the commitment the organization shows towards its workers. This is based on ethical principles, enterprising performance, and the ability to network and act in a flexible manner
Training and development	Collection of educational practices planned and carried out by companies to help employees achieve a more effective and efficient performance in the workplace
Education for sustainability	Considers people to be generators of knowledge and resources that can be developed to fulfil their full potential. This highlights the need for individual participation, public cooperation and citizenship as important factors for sustainability

From the research promoted in companies obtained the following results for each of the dimensions analyzed in relation to sustainability practices employed.

Corporate management systems

There are similarities in the management systems of the companies. The six companies have an administrative council formed by an assembly of shareholders and an Executive Board. The administrative council does hold knowledge of sustainability to be an entrance requirement. Only one of the six reports analysed contains a directive for selecting people with executive experience related to sustainability for the council or Executive Board. These people are responsible for overseeing a mobilising, educating and informing role regarding sustainability practices within companies, with the aim of ensuring the incorporation of indicators and social and environmental objectives within the daily performance of the organization.

Sustainability policies

The six companies expressed commitment with the present and the future, declaring an ethical and transparent interaction alongside the various interested parties – clients, employees, shareholders, investors, suppliers, communities and government. When defining sustainability policies, the companies confirmed their commitment to sustainable development strategies in their reports and accepted challenges that go beyond their operations, positioning them as agents of change and for the promotion of balanced and long-term social, environmental and economic development. The statements made by companies documented in the reports refer to the concepts promoted by the Brundtland Commission, the most important being increasing industrial production with the reduction of raw material consumption and preventing waste from being released into the environment wherever possible.

Human resources management

Human resource policies hold significant importance for sustainability within companies, because the quality of the results achieved is intimately linked to the way people are managed. Among the different human resources strategies, Brazilian companies are increasingly implementing variable remuneration systems as a way of increasing employee motivation. However, managers do not always fully understand the influences that variable remuneration systems can have on employee motivation and, consequently, on their performance. In the reports from the six companies being researched, variable remuneration systems are focused on economic criteria, with the exception of two companies that, aside from financial issues, include social (such as research regarding the working environment and employee satisfaction) and environmental (such as a carbon footprint index and management, health, safety and environmental indexes) indicators, or demonstrate the alignment with their sustainability policies.

People management

In the interviews with the eleven managers of the six companies researched, the long-term affects of people management policies within organizations were analysed (Figure 2). For 73% of those interviewed, the company has motivated employees for over two years with remuneration, health benefits and professional development programs for executing their current duties. For 64%, company programs have been aimed at raising employee awareness concerning issues related to health and safety in the workplace for more than two years. Yet in areas related to quality of life in the workplace, such as the deterrents of "extra hours" and "working from home" for employees, managers and executives, only 27% of those interviews believed the company had adopted this procedure more than two years ago.
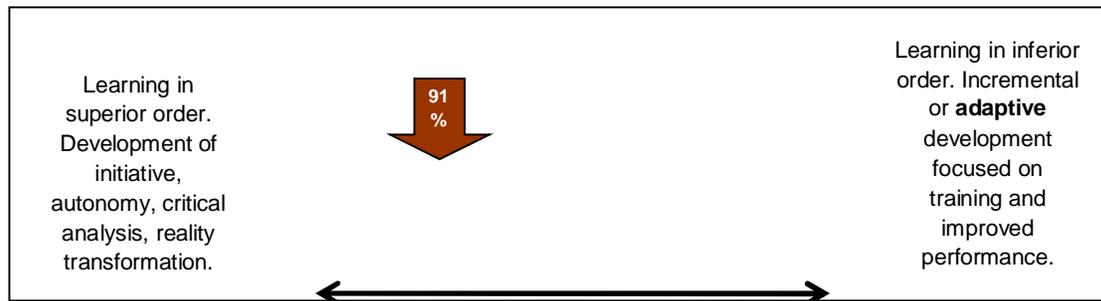
Figure 2: Long-term people management policies
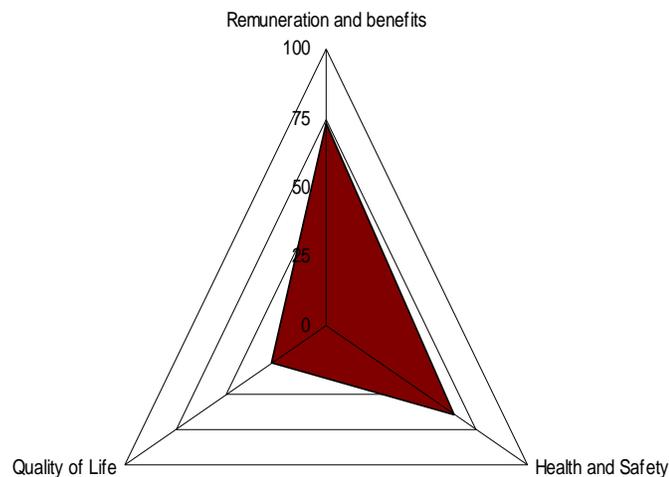
Training and Development

To remain competitive in the market companies implement change on a regular basis. One of the tools used to implement change is related to practices of training and development (T&D). The results of the interviews with the eleven managers reveal that a large majority (91%) consider corporate educational programs based on a traditional T&D model to be focused on learning daily operational tasks (Figure 3).

Figure 3: Corporate educational programs framework

| Learning in superior order. Development of initiative, autonomy, critical analysis, reality transformation. | 91% ↓ | Learning in inferior order. Incremental or **adaptive** development focused on training and improved performance. |

Education for sustainability

In relation to sustainability strategies within organizations, research confirms the presence of different views regarding how to deal with Triple Bottom Line dimensions, not only for external programs, but also for programs aimed at people within the company. Lectures about human rights and ethical codes, courses about social and environmental responsibility, programs about social dialogue are the courses of action recorded in the reports associated with education for sustainability. However, 64% of those interviewed tackled the issue of sustainability through these programs or courses, in other words, a course or lecture offered by the company. The alternative to this would be to approach the issue of sustainability in a more contextualised way by incorporating it into employee technical development programs.

Figure 4: Sustainability in corporate education programs

| This direction does not exist in the company | 64% ↓ | It is addressed transversally in technical development programs |
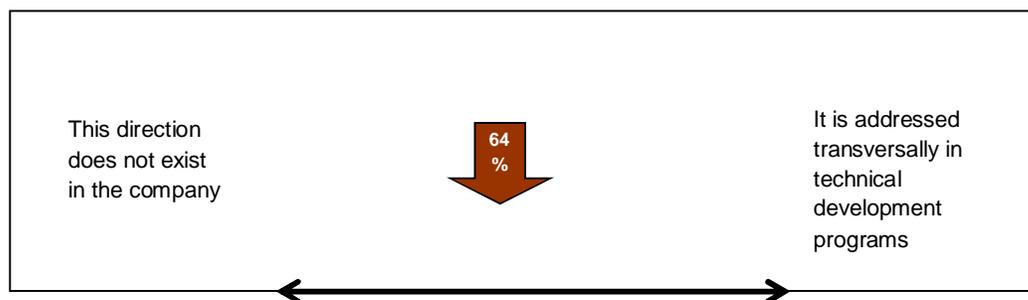
4. **Final considerations**

Businesses based on sustainability need to understand the impact of industrial activity on the environment and people management must aim to develop expertise in the field of sustainability because this expertise will allow sustainability to be implemented. The results from the alignment of people management actions regarding sustainability policies reveal three conclusions:

1. Variable remuneration programs are not always linked to sustainability policies and generally reward economic factors;

2. The most common people management actions are remuneration, health care benefits and preventative "training" in health and safety in the workplace;

3. Actions related to the Quality of Life in the Workplace, such as the deterrent of "extra hours" do not exist, or are a relatively new concept within companies (under discussion).

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