

# The Political Economy of Corporate Responsibility in Brazil

## *Social and Environmental Dimensions*

*Paola Cappellin  
Gian Mario Giuliani*



This United Nations Research Institute for Social Development (UNRISD) Programme Paper has been produced with the support of the MacArthur Foundation. UNRISD also thanks the governments of Denmark, Finland, Mexico, Norway, Sweden, Switzerland and the United Kingdom for their core funding.

Copyright © UNRISD. Short extracts from this publication may be reproduced unaltered without authorization on condition that the source is indicated. For rights of reproduction or translation, application should be made to UNRISD, Palais des Nations, 1211 Geneva 10, Switzerland. UNRISD welcomes such applications.

The designations employed in UNRISD publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of UNRISD concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

The responsibility for opinions expressed rests solely with the author(s), and publication does not constitute endorsement by UNRISD.

ISSN 1020-8216

# Contents

<b>Acronyms</b>	<b>ii</b>
<b>Acknowledgements</b>	<b>v</b>
<b>Summary/Résumé/Resumen</b>	<b>vi</b>
Summary	vi
Résumé	vii
Resumen	x
<b>Introduction</b>	<b>1</b>
<b>I. Corporate Responsibility Institutions and Initiatives</b>	<b>2</b>
The early years	2
The new institutional context	6
Corporate responsibility initiatives	10
<b>II. Stakeholder Analysis</b>	<b>29</b>
Civil society organizations	29
Media, consumers and shareholders	35
State and party	40
<b>III. The Developmental Significance of Corporate Social Environmental Responsibility</b>	<b>42</b>
Labour conditions	42
Environmental dimensions	48
<b>Conclusions</b>	<b>55</b>
<b>Postscript</b>	<b>58</b>
<b>Bibliography</b>	<b>60</b>
<b>UNRISD Programme Papers on Technology, Business and Society</b>	<b>67</b>

## Tables

Table 1: GIFE Members, 2002	5
Table 2: Selected international multistakeholder initiatives in Brazil	14
Table 3: Brazilian companies participating in the UN Global Compact (May 2003)	15
Table 4: Growth in ISO 14001 certifications, 1995–2002	21
Table 5: Organizations that certified companies	22
Table 6: ISO 14001 certified companies in Brazil, by state and sector	23
Table 7: ISO 14001 certified companies in Brazil, by sector	24
Table 8: IBASE Social Audits and Social Reports in Brazil, by sector	31
Table 9: Health and safety at work	45
Table 10: Real average income from primary work by sex and by occupational status, metropolitan region of São Paulo, 1996	46
Table 11: Distribution of clauses relating to women at work	47
Table 12: Examples of biopiracy	50
Table 13: Carbon emissions per capita	52

## Acronyms

<b>ABAA</b>	Associação Brasileira dos Advogados Ambientalistas ( <i>Brazilian Association of Environmentalist Lawyers</i> )
<b>ABB</b>	Asea Brown Boveri
<b>ABEMEC</b>	Associação Brasileira dos Analistas do Mercado de Capitais ( <i>Brazilian Association of Stock Exchange Analysts</i> )
<b>ABIA</b>	Associação Brasileira Interdisciplinar de Aids ( <i>Brazilian Interdisciplinary AIDS Association</i> )
<b>ABIQUM</b>	Associação Brasileira da Indústria Química ( <i>Brazilian Chemical Industry Association</i> )
<b>ABNT</b>	Associação Brasileira de Normas Técnicas ( <i>Brazilian Technical Standards Association</i> )
<b>ABONG</b>	Associação Brasileira de Organizações Não Governamentais ( <i>Brazilian Association of NGOs</i> )
<b>ABRASCA</b>	Associação Brasileira das Companhias Abertas ( <i>Brazilian Association of Publicly Held Companies</i> )
<b>ABRINQ</b>	Associação Brasileira dos Fabricantes de Brinquedos ( <i>Toymakers Network</i> )
<b>ADCE</b>	Associação de Dirigentes Cristãos de Empresas do Brasil ( <i>Christian Association of Business Executives</i> )
<b>AFL</b>	Alcoa Fujikura Ltd.
<b>AIDS</b>	acquired immunodeficiency syndrome
<b>AMCHAM</b>	American Chamber of Commerce
<b>ANA</b>	Agência Nacional de Águas ( <i>National Water Agency</i> )
<b>ANATEL</b>	Agência Nacional de Telecomunicações ( <i>National Telecommunications Agency</i> )
<b>ANEEL</b>	Agência Nacional de Energia Elétrica ( <i>National Electrical Energy Agency</i> )
<b>ANP</b>	Agência Nacional de Petróleo ( <i>National Petroleum Agency</i> )
<b>AS-PTA</b>	Assessoria e Serviços a Projetos em Agricultura Alternativa ( <i>Assistance and Services for Alternative Agricultural Projects</i> )
<b>BEAT</b>	Boletim Estatístico de Acidentes do Trabalho ( <i>Statistical Bulletin of Employment-Related Accidents</i> )
<b>BNDES</b>	Banco Nacional de Desenvolvimento Econômico e Social ( <i>Brazilian Development Bank</i> )
<b>BRTUV</b>	Avaliações da Qualidade Ltda. ( <i>Brazilian certification agency</i> )
<b>BSI</b>	Body Shop International
<b>BSR</b>	Business for Social Responsibility
<b>BVQI</b>	Bureau Veritas Quality International
<b>CBIC</b>	Câmara Brasileira da Indústria da Construção ( <i>Brazilian Council of the Building Industry</i> )
<b>CD</b>	compact disc
<b>CDES</b>	Conselho Nacional de Desenvolvimento Econômico e Social ( <i>National Economic and Social Development Council</i> )
<b>CDIAC</b>	Carbon Dioxide Information Analysis Center
<b>CDM</b>	Clean Development Mechanism
<b>CEATS</b>	Centro de Estudos em Administração do Terceiro Setor ( <i>Administration and Studies Center of the Third Sector</i> )
<b>CEBDS</b>	Conselho Empresarial Brasileiro de Desenvolvimento Sustentável ( <i>Brazilian Business Council of Sustainable Development</i> )
<b>CEDAE</b>	Companhia Estadual de Águas e Esgotos ( <i>State Water and Sewerage Company</i> )
<b>CEDEC</b>	Centro de Estudos de Cultura Contemporânea ( <i>Center of Contemporary Cultural Studies</i> )
<b>CEF</b>	Caixa Econômica Federal ( <i>Federal Government Saving Bank</i> )
<b>CEO</b>	Chief Executive Officer
<b>CER</b>	Corporate Environmental Responsibility
<b>CERES</b>	Coalition for Environmentally Responsible Economies
<b>CERFLOR</b>	Certificação Florestal ( <i>Brazilian Forest Certification System</i> )
<b>CIEE</b>	Centro de Integração Empresa-Escola ( <i>Company-School Integration Center</i> )
<b>CIPAS</b>	Comissões Internas de Prevenção e Acidentes ( <i>Internal Commission for the Prevention of Accidents</i> )
<b>CIRJ</b>	Centro Industrial do Rio de Janeiro ( <i>Business and Industrial Centre of Rio de Janeiro</i> )
<b>CIVES</b>	Associação Brasileira de Empresários pela Cidadania ( <i>Brazilian Business Association for Citizenship</i> )
<b>CLT</b>	Consolidação das Leis do Trabalho ( <i>Brazilian Labour Law</i> )

<b>CNDDA</b>	Campanha Nacional de Defesa e pelo Desenvolvimento da Amazônia ( <i>National Campaign for the Defence and Development of Amazonia</i> )
<b>CNI</b>	Confederação Nacional da Indústria ( <i>National Confederation of Industry</i> )
<b>CNT</b>	Central Nacional de Televisão ( <i>National Television Agency</i> )
<b>CTNBio</b>	Comissão Técnica Nacional de Biossegurança ( <i>National Technical Commission on Biosafety</i> )
<b>CO<sub>2</sub></b>	carbon dioxide
<b>CODAM</b>	Comunicação para o Meio Ambiente ( <i>Communication for the Environment</i> )
<b>CODEFAT</b>	Conselho Deliberativo do Fundo de Amparo ao Trabalhador ( <i>Deliberative Council of the Workers' Assistance Fund</i> )
<b>CONAMA</b>	Conselho Nacional do Meio Ambiente ( <i>National Council for the Environment</i> )
<b>COOPE-UFRJ</b>	Coordenação dos Programas de Pós-Graduação, Universidad Federal do Rio de Janeiro ( <i>Coordination of Post-Graduate Programmes, Federal University of Rio de Janeiro</i> )
<b>CPI</b>	Corruption Perceptions Index
<b>CSER</b>	corporate social and environmental responsibility
<b>CSR</b>	corporate social responsibility
<b>CUT</b>	Central Única dos Trabalhadores ( <i>Unified Trade Union Federation of Brazil</i> )
<b>CVM</b>	Comissão de Valores Mobiliários ( <i>Securities and Exchange Commission of Brazil</i> )
<b>DATAPREVI</b>	Caixa de Previdência dos Funcionários do Banco do Brasil ( <i>Bank of Brazil Employees' Pension Fund</i> )
<b>DIEESE</b>	Departamento Intersindical de Estatística e Estudos Sócio-Econômicos ( <i>Inter Trade Union Department of Statistics and Socio-Economic Studies</i> )
<b>DQS</b>	Deutsche Gesellschaft zur Zertifizierung von Managementsystemen
<b>EPCOM</b>	Instituto de Estudos e Pesquisas em Comunicação ( <i>Institute of Communication Studies and Research</i> )
<b>FAPESP</b>	Fundação de Amparo à Pesquisa do Estado de São Paulo ( <i>State of São Paulo Research Foundation</i> )
<b>FASE</b>	Federação de Orgãos para Assistência Social e Educacional ( <i>Federation of Assistance and Education Institutions</i> )
<b>FAT</b>	Fundo de Amparo ao Trabalhador ( <i>Workers' Support Fund</i> )
<b>FCAV</b>	Fundação Carlos Alberto Vanzolini ( <i>Carlos Alberto Vanzolini Foundation</i> )
<b>FEBRABAN</b>	Federação Brasileira dos Bancos ( <i>Brazilian Federation of Banks</i> )
<b>FEDERASUL</b>	Federação dos Empresários do Rio Grande do Sul ( <i>Federation of Employers' Associations of Rio Grande do Sul</i> )
<b>FEEMA</b>	Fundação Estadual de Engenharia do Meio Ambiente ( <i>State Environmental Agency</i> )
<b>FGV</b>	Fundação Getúlio Vargas ( <i>Getulio Vargas Foundation</i> )
<b>FIDES</b>	Fundação Instituto de Desenvolvimento Empresarial e Social ( <i>Foundation Institute of Business and Social Development</i> )
<b>FIEMG</b>	Federação das Indústrias do Estado de Minas Gerais ( <i>Federation of Industries of the State of Minas Gerais</i> )
<b>FIESP</b>	Federação das Indústrias do Estado de São Paulo ( <i>Federation of Industries of the State of São Paulo</i> )
<b>FIRJAN</b>	Federação das Indústrias do Estado de Rio de Janeiro ( <i>Federation of Industries of the State of Rio de Janeiro</i> )
<b>FOPEME</b>	Forum da Media e Pequena Empresa ( <i>Middle and Small Firms Forum</i> )
<b>FSC</b>	Forest Stewardship Council
<b>GDP</b>	gross domestic product
<b>GIFE</b>	Grupo de Institutos, Fundações e Empresas ( <i>Group of Institutes, Foundations and Enterprises</i> )
<b>GMO</b>	genetically modified organism
<b>GSK</b>	GlaxoSmithKline
<b>GTEDEO</b>	Grupo de Trabalho para a Eliminação da Discriminação no Emprego e na Ocupação ( <i>Working Group for the Elimination of Discrimination in the Workplace</i> )
<b>HIV</b>	human immunodeficiency virus
<b>HP</b>	Hewlett Packard
<b>IBAMA</b>	Instituto Brasileiro de Meio Ambiente e dos Recursos Naturais Renováveis ( <i>Brazilian Institute for the Environment and Natural Renewable Resources</i> )
<b>IBASE</b>	Instituto Brasileiro de Análises Sociais e Econômicas ( <i>Brazilian Institute of Social and Economic Analyses</i> )

<b>IBGE</b>	Instituto Brasileiro de Geografia e Estatística ( <i>Brazilian Institute of Geography and Statistics</i> )
<b>IBOPE</b>	Instituto Brasileiro de Opinião Pública e Estatística ( <i>Brazilian Institute of Public Opinion and Statistics</i> )
<b>IDEC</b>	Instituto Brasileiro de Defesa do Consumidor ( <i>Brazilian Consumer Defence Institute</i> )
<b>IDIS</b>	Instituto para o Desenvolvimento do Investimento Social ( <i>Institute for the Development of Social Investment</i> )
<b>IFCS</b>	Instituto de Filosofia e Ciências Sociais ( <i>Institute of Philosophy and Social Sciences</i> )
<b>ILO</b>	International Labour Organization
<b>INESC</b>	Instituto de Estudos Socio-Econômicos ( <i>Institute for Social and Economic Studies</i> )
<b>INMETRO</b>	Instituto Nacional de Metrologia Normalização e Qualidade Industrial ( <i>National Institute of Metereology, Normalization, and Industrial Quality</i> )
<b>INPE</b>	Instituto Nacional de Pesquisas Espaciais ( <i>National Space Research Institute</i> )
<b>INSPIR</b>	Instituto Sindical Interamericano pela Igualdade Racial ( <i>Inter-American Trade Union Institute for Racial Equality</i> )
<b>IPEA</b>	Instituto de Pesquisa Econômica Aplicada ( <i>Institute for Applied Economic Research</i> )
<b>IPEC</b>	Programa Internacional para a Eliminação do Trabalho Infantil ( <i>International Programme on the Elimination of Child Labour</i> )
<b>ISER</b>	Instituto de Estudos da Religião ( <i>Institute for Studies on Religion</i> )
<b>ISO</b>	International Organization for Standardization
<b>KPMG</b>	Klynveld Peat Marwick Goerdeler
<b>LBA</b>	Legião Brasileira de Assistência ( <i>Brazilian Assistance Legion</i> )
<b>LRQA</b>	Lloyd's Register Quality Assurance
<b>MBR</b>	Minerações Brasileiras Reunidas ( <i>Brazilian mining group</i> )
<b>NGO</b>	non-governmental organization
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>PDV</b>	Programa de Desligamento Voluntário ( <i>Voluntary Resignation Programme</i> )
<b>PED-SP</b>	Pesquisas de Emprego e Desemprego-São Paulo ( <i>Monthly Employment and Unemployment Survey in the Metropolitan Area of São Paulo</i> )
<b>Petrobras</b>	Petróleo Brasileiro SA
<b>PETROS</b>	Fundação Petrobras de Seguridade Social ( <i>Petrobras Employees' Pension Fund</i> )
<b>PLR</b>	Participação nos Lucros e Resultados ( <i>Profit and Performance Sharing Programme</i> )
<b>PNAD</b>	Pesquisa Nacional por Amostra de Domicílios ( <i>National Household Survey</i> )
<b>PNBE</b>	Pensamento Nacional das Bases Empresariais ( <i>National Businessmen's Guidelines</i> )
<b>PPGSA</b>	Programa de Pós Graduação em Sociologia e Antropologia ( <i>Post-Graduate Program in Sociology and Anthropology</i> )
<b>PREVI</b>	Caixa de Previdência dos Funcionários do Banco do Brasil ( <i>Bank of Brazil Employees' Pension Fund</i> )
<b>PROCON</b>	Proteção e Defesa do Consumidor ( <i>Consumer Defence Association</i> )
<b>PRODIN</b>	Programa de Orientação e Defesa ao Investidor ( <i>Investors Orientation and Defence Programme</i> )
<b>PROEMPREGO</b>	Programa de Expansão do Emprego e Melhoria da Qualidade de Vida do Trabalhador ( <i>Programme to Increase Employment and Improve Workers' Quality of Life</i> )
<b>PROTRABALHO</b>	Programa de Promoção do Emprego e Melhoria da Qualidade de Vida do Trabalhador ( <i>Programme to Promote Employment and Improve Workers' Quality of Life</i> )
<b>PT</b>	Partido dos Trabalhadores ( <i>Workers' Party</i> )
<b>R\$</b>	Brazilian real
<b>REDUC</b>	Refinaria de Duque de Caxias ( <i>Duque de Caxias Refinery</i> )
<b>R<sup>3</sup>P<sup>2</sup></b>	Reduction, Reuse and Recycling of Packaging
<b>RSE</b>	Relatório de Sustentabilidade Empresarial ( <i>Corporate Sustainability Report</i> )
<b>SA</b>	Social Accountability
<b>SACC</b>	System for Accompanying Collective Contracts
<b>SAI</b>	Social Accountability International
<b>SBT</b>	Sistema Brasileiro de Televisão ( <i>Brazilian Television Network</i> )
<b>SEBRAE</b>	Serviço Brasileiro de Apoio às Micro e Pequenas Empresas ( <i>Brazilian Micro and Small Business Support Service</i> )

<b>SEDES</b>	Secretaria Especial do Conselho de Desenvolvimento Econômico e Social ( <i>Special Secretariat of the National Economic and Social Development Council</i> )
<b>SENAC</b>	Serviço Nacional de Aprendizagem Comercial ( <i>National Commercial Training Service</i> )
<b>SENAMA</b>	Simpósio sobre Recursos Naturais e Meio Ambiente ( <i>Natural Resources and Environment Symposium</i> )
<b>SESI</b>	Serviço Social da Indústria ( <i>Industrial Social Service</i> )
<b>SINDUSCON</b>	Sindicato da Indústria da Construção Civil de Grandes Estruturas São Paulo. ( <i>Building Contractor Union of the State of São Paulo</i> )
<b>SINPAF</b>	Sindicato Nacional dos Trabalhadores de Pesquisa e Desenvolvimento Agropecuário ( <i>National Trade Union of Agricultural Research Workers</i> )
<b>SP</b>	São Paulo
<b>TCC</b>	Transparência, Consciência & Cidadania ( <i>Transparency, Consciousness and Citizenship</i> )
<b>TECPAR</b>	Instituto de Tecnologia do Paraná ( <i>Paraná Institute of Technology</i> )
<b>TI</b>	Transparência Internacional ( <i>Transparency International</i> )
<b>UFRJ</b>	Universidade Federal do Rio de Janeiro ( <i>Federal University of Rio de Janeiro</i> )
<b>UK</b>	United Kingdom
<b>UL</b>	Underwriters Laboratories Inc.
<b>UMASS</b>	University of Massachusetts
<b>UNCED</b>	United Nations Conference on Environment and Development
<b>UNDP</b>	United Nations Development Programme
<b>UNESCO</b>	United Nations Educational, Scientific, and Cultural Organization
<b>UNIAPAC</b>	International Christian Union of Business Executives
<b>UNICEF</b>	United Nations Children's Fund
<b>UNITRABALHO</b>	Fundação Interuniversitária de Estudos e Pesquisa sobre o Trabalho ( <i>Inter-university Network for Studies and Research on Work Issues</i> )
<b>UNRISD</b>	United Nations Research Institute for Social Development
<b>US</b>	United States
<b>USEC</b>	Unión Social de Empresarios y Ejecutivos Cristianos ( <i>Social Union of Christian Entrepreneurs and Executives [Chile]</i> )
<b>VKW</b>	Verbond van Kristelijke Werkgevers en Kaderleden
<b>WBCSD</b>	World Business Council for Sustainable Development
<b>WCED</b>	World Commission on Environment and Development
<b>WWF</b>	World Wide Fund For Nature

## Acknowledgements

We would like to thank the Brazilian researchers, Aline Triguero Vicenete (UFRJ-IFCS, Doctoral Student), Cristina Nobrega da Silva (UFRJ-IFCS Masters Student), and Keyla de Oliveira (UFRJ-IFCS, Sociologist). Our special thanks to Professors Lawrence Zacharias of the School Management, University of Massachusetts (UMASS), Carmen Diana Deere, Augustin Laó, and other colleagues at the Center for Latin American, Caribbean and Latino Study and the Department of Sociology of UMASS, as well as to Merrilee Mardon and Peter Utting for their comments on the first draft.

This study forms part of a larger project on corporate social and environmental responsibility in developing countries that is being carried out at the United Nations Research Institute for Social Development (UNRISD) and supported financially by the MacArthur Foundation.

## Summary/Résumé/Resumen

### *Summary*

Discourse and practices associated with corporate social and environmental responsibility (CSER) have escalated and evolved rapidly in recent years. This paper describes the CSER agenda in Brazil, examines its history, identifies the factors and actors that are encouraging firms to adopt CSER initiatives, and asks whether CSER is really making a difference in terms of social and sustainable development.

Global interest in CSER expanded in the 1990s and spread to many developing countries via processes, policies and institutions often associated with globalization. But many developing countries also have their own CSER history. Interest in improving the social performance of firms in Brazil increased significantly in the 1980s, and was driven to a large extent by domestic concerns, actors and contexts. A crucial element was the diffusion of certain values and ethical principles related to democratization and progressive religious thinking. Democratization also paved the way for the expansion of civil society organizations and social movements concerned with the social and environmental impacts of business.

A key actor in these developments was a sector of the business community, in particular business associations, that not only represented the economic interests of their members but also addressed philosophical and cultural issues, including the relationship of business to society. Critical of traditional corporate behaviour, this network tried to raise the social awareness of firms and promote philanthropic activities.

In the 1990s the actors and institutions promoting CSER expanded considerably. Political parties, non-governmental organizations (NGOs), trade unions, the media, local government, consumers and shareholders all became involved, along with some business associations and proactive managers and firms. But among civil society organizations there are some fundamental differences in approach. Trade unions, for example, consider firms in large part responsible for the deterioration of conditions in the workplace and demand the universalization of labour rights, while many NGOs tend to promote voluntary corporate social actions.

The momentum behind CSER has also been reinforced by international influences and pressures associated with cross-border management of transnational corporations, global civil society activism, environmental certification, and international social, environmental and human rights norms and law.

Another important change occurred in the 1990s. As companies sought to restructure and become more competitive internationally, some managers—and business management scholars—recognized the potential of using CSER initiatives as a way of reducing costs, increasing competitive advantage and managing risks and reputation. The international repercussions of Brazil's unfavourable business image pushed them to prioritize a few specific areas including poverty, violence, child labour, education and environmental protection. And segments of business, particularly the largest firms in more dynamic sectors, assumed leadership roles in social actions, seeking to fill some of the gaps that resulted from the perception or reality of a weak public sector.

CSER became part of a broader strategy to gain legitimacy; a way of cleaning up the soiled image of entrepreneurs and companies that were regarded by many as responsible for the concentration of wealth and growing speculation in financial investment. Brazilian entrepreneurs could use CSER as a tool to restore the climate of trust among workers, enhance their competitive strategy and, above all, increase consumer loyalty and community acceptance. In the context of flexible labour markets and the deregulation of labour costs, corporate social responsibility became a means of partially mitigating the social effects of these policies and processes.

As the CSER agenda broadened in the 1990s, an increasing number of large firms focused attention on a range of initiatives that went beyond philanthropy, including social welfare, environmental protection and community development. Activities traditionally centred on donations or social actions directed at communities where the firm was located. That is, business associations and companies focused their social attentions outside their walls. However, as corporate restructuring intensified, companies directed more attention inward; for example, toward social investments that improved workers' skills in order to accomplish technological modernization in the workplace, particularly in the metallurgical, chemical, building and textile sectors. Social investments related to employees had the primary goal of increasing productivity. At the same time, such actions could reduce traditional problems on the Brazilian shop floor, such as injury, illiteracy, poor health, absenteeism and weak identification with company goals.

While firms are increasingly adopting CSER initiatives, the dynamics of corporate social responsibility (CSR) and corporate environmental responsibility (CER) vary considerably. CSR has taken place in a context of deregulation and a decline in labour standards and rights. While CSR discourse and practice have expanded, firms and business associations have simultaneously pressured the state to remove workers' rights and standards from universalized mandatory law and to make them the object of the bargaining process in the workplace. Along with the deregulation of universal labour laws, big business is cutting back on contractual employment and remuneration. When set against this bigger picture, CSR appears more as a "band-aid" approach adopted by those with a guilty conscience.

CER, on the other hand, is supported and reinforced by regulatory systems defined by national laws and international agreements, as well as diverse civil society pressures and certain business opportunities. But any conclusion about the "greening of business" could be an oversimplification of a complex process that involves different actors and dynamics. Concern for environmental issues is relatively recent in the social conscience and has increased significantly in different sectors of society, including business. But as yet, there are few signs of a really new culture characterized by a critical and self-critical dialogue between the economy and society on environmental issues. Gains in relation to CER are fragile. Relations between business and environmental NGOs remain tenuous and some business groups continue to push for the relaxation of environmental regulation, particularly that related to forest conservation and restrictions on the production and marketing of transgenic (or genetically modified) products.

Ultimately, the prospects for CSER depend on an institutional context that combines regulatory, political and business dimensions. There are some signs that such a context may be developing in Brazil. The momentum behind CSER is likely to grow, not least because a range of actors and institutions—old and new, domestic and international—are actively engaged in promoting CSER. Markets for environmental goods and services continue to expand and recent political developments suggest that the state will assume a more proactive role in economic and social development.

Under the new government of Luiz Inácio Lula da Silva, the CSER agenda is meshing with a broader agenda that aims to reinstate universal public policies at the centre of the Brazilian model of socioeconomic development. This government also signals a new culture of social consent and a new relationship between voluntary and governmental regulation.

Paola Cappellin and Gian Mario Giuliani, who both hold PhDs in Sociology from the University of Paris 10-Nanterre, are professors at the Graduate Programme of Sociology and Anthropology (PPGSA) of the Institute of Philosophy and Social Sciences (IFCS), Federal University of Rio de Janeiro (UFRJ), Brazil.

## **Résumé**

On constate, ces dernières années, une escalade et une évolution rapide du discours de la responsabilité sociale et environnementale des entreprises (RSEE) et des pratiques dans ce

domaine. Dans cette étude, les auteurs exposent l'ordre du jour de la RSEE au Brésil, en examinent l'histoire, identifient les facteurs et les acteurs qui encouragent les entreprises à adopter des initiatives allant dans ce sens et s'interrogent sur les effets réels de la RSEE sur le développement social et durable.

L'intérêt porté à la RSEE dans le monde a connu un grand essor dans les années 90 et a gagné de nombreux pays en développement par le biais de processus, de politiques et d'institutions souvent associés à la mondialisation. Mais bien des pays en développement ont aussi une histoire à cet égard. Le désir d'améliorer la performance sociale des entreprises a gagné du terrain au Brésil dans les années 80, alimenté dans une large mesure par des préoccupations, des acteurs et des facteurs internes. La diffusion des valeurs et principes éthiques liés à la démocratisation et à une pensée religieuse progressiste a été un élément déterminant. La démocratisation a aussi préparé la voie à une floraison d'organisations de la société civile et de mouvements sociaux préoccupés par les retombées de l'activité des entreprises sur la société et l'environnement.

Une partie du milieu des affaires, en particulier les groupements professionnels d'entreprises, a joué un rôle majeur dans cette évolution: ils ne représentaient pas seulement les intérêts économiques de leurs membres mais se posaient aussi des questions philosophiques et culturelles, s'interrogeant notamment sur les rapports entre les entreprises et la société. Critiques à l'égard du comportement traditionnel des sociétés commerciales, ils ont essayé d'éveiller la conscience sociale des entreprises et d'encourager les activités philanthropiques.

Le cercle des acteurs et des institutions qui prônaient la RSEE s'est considérablement élargi dans les années 90. Partis politiques, organisations non gouvernementales (ONG), syndicats, médias, collectivités locales, consommateurs et actionnaires s'y sont tous intéressés, de même que certains groupements professionnels d'entreprises, directeurs et firmes qui sont allés au-devant de ce que l'on attendait d'eux. Mais parmi les organisations de la société civile, certaines différences d'approche sont fondamentales. Les syndicats, par exemple, jugent les entreprises largement responsables de la détérioration des conditions au lieu de travail et réclament l'universalisation des droits syndicaux, tandis que de nombreuses ONG ont tendance à encourager les entreprises à s'investir spontanément dans des actions sociales.

Le mouvement d'opinion favorable à la RSEE s'est trouvé aussi renforcé par des influences et pressions internationales liées à la gestion transfrontières des sociétés transnationales, au militantisme de la société civile mondiale, à l'obtention de certificats internationaux et aux normes internationales du travail, de l'environnement et des droits de l'homme.

Un autre changement important s'est produit dans les années 90. Au moment où les sociétés commerciales cherchaient à se restructurer pour accroître leur compétitivité internationale, certains directeurs—et spécialistes de la gestion d'entreprises—se sont rendu compte que les initiatives de RSEE pouvaient permettre de réduire les coûts, de distancer la concurrence et de gérer les risques et la réputation de leur société. Les répercussions internationales d'une image peu glorieuse ont poussé les entreprises brésiliennes à établir une courte liste de problèmes prioritaires et à y faire figurer la pauvreté, la violence, le travail des enfants, l'éducation et la protection de l'environnement. Et des pans entiers du monde des affaires, en particulier les plus grandes sociétés des secteurs les plus dynamiques, ont donné l'exemple et ont entrepris des actions sociales, s'efforçant de combler les lacunes dues à la faiblesse, réelle ou perçue, du secteur public.

La RSEE s'est alors inscrite dans une vaste stratégie de conquête de légitimité; elle est devenue le moyen de redorer l'image ternie d'entrepreneurs et de sociétés considérés par beaucoup comme responsables de la concentration des richesses et du caractère de plus en plus spéculatif des placements financiers. Les entrepreneurs brésiliens se sont servis de la RSEE pour rétablir un climat de confiance avec les travailleurs, accroître leur compétitivité et, surtout, fidéliser les consommateurs et se faire accepter par la collectivité. A l'époque de la flexibilité des marchés

du travail et de la déréglementation des coûts de la main-d'œuvre, la responsabilité sociale des entreprises permettait d'en adoucir en partie les conséquences sociales.

Lorsque l'ordre du jour de la RSEE s'est allongé dans les années 90, les grandes entreprises ont été de plus en plus nombreuses à s'intéresser à diverses initiatives qui sortaient du cadre de la philanthropie et touchaient notamment à la sécurité sociale, à la protection de l'environnement et au développement communautaire. Les activités consistaient généralement en dons ou en actions sociales pour la collectivité locale dans laquelle était implantée l'entreprise. Autrement dit, les associations d'entreprises et sociétés commerciales ont pris pour objet de leurs attentions sociales ce qui était juste derrière leurs murs. Cependant, comme les restructurations s'intensifiaient, elles ont dû reporter en partie leur attention sur l'intérieur, consentir, par exemple, des investissements sociaux pour améliorer les qualifications des ouvriers et moderniser les techniques employées sur le lieu de travail, en particulier dans les secteurs de la métallurgie, de la chimie, du bâtiment et du textile. Les investissements sociaux consentis pour les employés avaient essentiellement pour but d'accroître la productivité. En même temps, de telles initiatives pouvaient réduire des problèmes courants dans les usines brésiliennes tels que les accidents du travail, l'analphabétisme, la maladie, l'absentéisme et la faible adhésion des employés aux objectifs de l'entreprise.

Si les firmes sont de plus en plus nombreuses à adopter des initiatives de responsabilité sociale et environnementale, la dynamique de la responsabilité sociale des entreprises (RSE) et celle de la responsabilité environnementale (REE) sont assez différentes l'une de l'autre. La RSE s'est inscrite dans un contexte de déréglementation et de déclin des normes et des droits du travail. Si le discours et la pratique de la RSE ont gagné du terrain, les entreprises et leurs associations ont en même temps fait pression sur l'Etat pour que les droits des travailleurs et les normes du travail soient soustraits aux lois nationales et fassent l'objet de négociations sur le lieu de travail. A côté de la déréglementation du travail, naguère soumis à des lois universelles, les grandes entreprises rognent sur les emplois sous contrat et la rémunération. Replacée dans ce contexte général, la RSE apparaît davantage comme une mesure de fortune prise par des gens qui n'ont pas la conscience tranquille.

La REE, en revanche, s'appuie sur des systèmes de contrôle définis par des lois nationales et des accords internationaux, et diverses pressions de la société civile et créneaux commerciaux viennent la renforcer. Mais en conclure que les entreprises se convertissent à l'écologie serait simplifier à l'extrême un processus complexe auquel contribuent différents acteurs et dynamiques. L'intérêt pour l'environnement est relativement récent dans la conscience sociale et a sensiblement progressé dans divers milieux, notamment chez les entreprises. Mais jusqu'à présent, rares sont les signes d'une culture vraiment nouvelle, caractérisée par un dialogue critique et autocritique entre l'économie et la collectivité sur les questions d'environnement. Les gains en matière de REE sont fragiles. Les liens entre les entreprises et les ONG soucieuses de l'environnement restent ténus et certains groupes commerciaux continuent de réclamer un assouplissement de la réglementation en matière d'environnement, en particulier celle qui touche à la préservation des forêts et limite la production et la commercialisation des produits transgéniques (ou génétiquement modifiés).

En dernière analyse, les perspectives de responsabilisation sociale et environnementale des entreprises dépendent d'un contexte institutionnel qui doit réunir des conditions légales, politiques et commerciales. Il semblerait à certains signes que le Brésil pourrait réunir ces conditions. Les forces vives qui soutiennent la RSEE vont sans doute grossir, ne serait-ce que parce que divers acteurs et institutions—anciens et nouveaux, nationaux et internationaux—s'attachent aujourd'hui à la promouvoir. Les marchés des biens et services environnementaux continuent à se développer et l'évolution politique récente porte à croire que l'Etat jouera un rôle plus volontariste dans le développement économique et social.

Dans le nouveau gouvernement de Luiz Inácio Lula da Silva, l'ordre du jour de la RSEE recoupe un ordre du jour plus vaste, qui vise à remettre des politiques publiques universelles

au centre du modèle brésilien de développement socio-économique. Ce gouvernement annonce aussi une culture nouvelle du consensus social et des rapports nouveaux entre réglementation volontaire et encadrement public.

Paola Cappellin et Gian Mario Giuliani, tous deux titulaires d'un doctorat de sociologie de l'Université de Paris 10-Nanterre, sont professeurs au Programme des hautes études de sociologie et d'anthropologie (PPGSA) de l'Institut de philosophie et des sciences sociales (IFCS) de l'Université fédérale de Rio de Janeiro (UFRJ), Brésil.

### **Resumen**

El discurso y las prácticas asociadas con la responsabilidad social y medioambiental de las empresas (RSME) se han intensificado y evolucionado rápidamente en los últimos años. En este documento se describe y se examina la historia de la agenda de la RSME en Brasil, se identifican los factores y actores que están alentando a las empresas a tomar medidas en materia de RSME, y se plantea si la RSME tiene consecuencias reales en cuanto al desarrollo social y sostenible.

El interés mundial por la RSME aumentó en el decenio de 1990 y se extendió a muchos países en desarrollo a través de políticas, instituciones y procesos a menudo asociados con la mundialización. Sin embargo, muchos países en desarrollo también tienen su propia historia relativa a la RSME. El interés por mejorar el desempeño social de las empresas en Brasil creció considerablemente en el decenio de 1980, y fue impulsado en gran medida por las inquietudes, actores y contextos nacionales. Un elemento clave fue la difusión de determinados valores y principios éticos relacionados con la democratización y el pensamiento religioso progresivo. La democratización también allanó el camino para la expansión de las organizaciones de la sociedad civil y los movimientos sociales interesados en los efectos sociales y medioambientales de las empresas.

La comunidad empresarial jugó un papel clave en estos cambios, particularmente las asociaciones empresariales, que no sólo representaron los intereses económicos de sus miembros, sino que también abordaron cuestiones filosóficas y culturales, incluida la relación de las empresas con la sociedad. Esta red, que criticaba la actitud tradicional de las empresas, intentó reforzar la conciencia social de las mismas y promover actividades filantrópicas.

En el decenio de 1990, los actores e instituciones que promovían la RSME experimentaron una fuerte expansión. Los partidos políticos, organizaciones no gubernamentales (ONG), sindicatos, medios de comunicación, el gobierno local, los consumidores y accionistas tomaron parte en esta iniciativa, junto con algunas asociaciones empresariales, y algunas compañías y directores proactivos. Pero entre las organizaciones de la sociedad civil existen algunas diferencias de planteamiento fundamentales. Los sindicatos, por ejemplo, responsabilizan en gran parte a las empresas del deterioro de las condiciones en el lugar de trabajo, y exigen la universalización de los derechos laborales; mientras que muchas ONG tienden a promover las iniciativas sociales voluntarias de las empresas.

El impulso dado a la RSME también ha sido reforzado por influencias y presiones internacionales asociadas con la gestión transfronteriza de las empresas multinacionales, el activismo de la sociedad civil mundial, la certificación medioambiental; y las normas y leyes internacionales sociales, medioambientales y relativas a los derechos humanos.

En el decenio de 1990 se produjo otro cambio importante. En vista de los esfuerzos desplegados por las empresas para reestructurarse y aumentar su competitividad en el plano internacional, algunos directores —y especialistas en gestión empresarial— reconocieron el potencial de utilizar las iniciativas en materia de RSME como modo de reducir los costos, aumentar la ventaja competitiva y manejar los riesgos y la reputación. Las repercusiones internacionales de la imagen empresarial desfavorable de Brasil les impulsaron a dar prioridad a algunos ámbitos específicos, inclusive la pobreza, la violencia, el trabajo infantil, la educación y la protección medioambiental. Asimismo, algunos segmentos de la comunidad empresarial, en particular las

compañías más grandes de los sectores más dinámicos, desempeñaron un papel de liderazgo en las iniciativas sociales, con el propósito de cerrar algunas de las brechas que se abrieron al percibirse u observarse la debilidad del sector público.

La RSME llegó a ser parte de una estrategia más amplia para obtener legitimidad; una forma de limpiar la dañada imagen de las empresas y empresarios a quienes muchos consideraban responsables de la concentración de la riqueza y de la creciente especulación en la inversión financiera. Los empresarios brasileños podrían utilizar la RSME como herramienta para restablecer el clima de confianza entre los trabajadores, reforzar su estrategia competitiva y, ante todo, aumentar la confianza de los consumidores y la aceptación de la comunidad. En el contexto de mercados de trabajo flexibles y de la liberalización de los costos de la mano de obra, la responsabilidad social de las empresas se convirtió en un modo de mitigar parcialmente los efectos sociales de estas políticas y procesos.

Al ampliarse el programa de la RSME en el decenio de 1990, un número creciente de grandes empresas se centró en una serie de iniciativas que iban más allá de la filantropía, inclusive el bienestar social, la protección medioambiental y el desarrollo comunitario: actividades tradicionalmente centradas en donaciones o iniciativas sociales dirigidas a las comunidades en las que se hallaba la empresa. Es decir, las asociaciones empresariales y las empresas orientaron sus iniciativas sociales hacia el exterior. Sin embargo, a medida que se intensificó la reestructuración de las empresas, éstas volvieron a centrarse más en sí mismas; por ejemplo, en inversiones sociales encaminadas a mejorar las aptitudes de los trabajadores para llevar a cabo una modernización tecnológica en el lugar de trabajo, particularmente en los sectores de la industria metalúrgica, química, textil y de la construcción. El principal objetivo de las inversiones sociales relacionadas con los trabajadores era incrementar la productividad. Al mismo tiempo, tales iniciativas podrían reducir los problemas tradicionales en la planta industrial brasileña, como las lesiones, el analfabetismo, la mala salud, el absentismo y la escasa identificación con los objetivos de la empresa.

Aunque las empresas emprenden cada vez más iniciativas en materia de RSME, la dinámica de la responsabilidad social de las empresas (RSE) y de la responsabilidad medioambiental de las empresas (RME) varía considerablemente. La RSE ha tenido lugar en un contexto de liberalización y de declive de las normas y derechos laborales. Si bien se han ampliado el discurso y la práctica de la RSE, las empresas y asociaciones empresariales han presionado al Estado simultáneamente para que excluya de la norma coactiva universalizada, los derechos de los trabajadores y las normas relativas a los mismos, y para que éstos sean objeto del proceso de negociación en el lugar de trabajo. Al tiempo que está liberalizándose la legislación laboral universal, las grandes empresas están recortando el empleo contractual y la remuneración. Cuando se sitúa en este contexto más amplio, la RSE parece más bien un enfoque “tiritita” adoptado por los que tienen cargo de conciencia.

Por otra parte, la RME está apoyada y reforzada por sistemas normativos definidos por leyes nacionales y acuerdos internacionales, así como por diversas presiones de la sociedad civil y algunas oportunidades de negocios. Sin embargo, cualquier conclusión sobre “una mayor sensibilización medioambiental de las empresas” podría ser una simplificación excesiva de un proceso complejo en el que intervienen diferentes actores y dinámicas. La preocupación por las cuestiones medioambientales es relativamente reciente en la conciencia social, y ha aumentado de forma destacada en diferentes sectores de la sociedad, incluidas las empresas. Sin embargo, por el momento existen pocos indicios de una cultura realmente nueva caracterizada por un diálogo crítico y autocrítico entre la economía y la sociedad sobre cuestiones medioambientales. Las mejoras relacionadas con la RME apenas son perceptibles. Las relaciones entre las empresas y las ONG ecológicas siguen siendo poco fundadas, y algunos grupos de empresas continúan luchando por la relajación de las normas medioambientales, particularmente las relacionadas con la conservación forestal y con las restricciones relativas a la producción y comercialización de productos transgénicos (o genéticamente modificados).

En última instancia, las perspectivas para la RSME dependen de un marco institucional que combine las dimensiones normativa, política y empresarial. Existen algunos indicios de que este marco puede estar creándose en Brasil. La RSME probablemente cobre más impulso, y sobre todo cuando una serie de instituciones y actores—tanto antiguos como nuevos, nacionales como internacionales—están tomando parte activa en la promoción de la RSME. Los mercados para los bienes y servicios medioambientales siguen expandiéndose, y los recientes cambios políticos indican que el Estado desempeñará un papel más proactivo en el desarrollo económico y social.

En el nuevo gobierno de Luiz Inácio Lula da Silva, la agenda de la RSME está combinándose con un programa más amplio en el que las políticas públicas universales vuelven a ser el núcleo del modelo brasileño de desarrollo socioeconómico. Este gobierno también señala una nueva cultura de consenso social y una nueva relación entre la normatividad voluntaria y gubernamental.

Paola Cappellin y Gian Mario Giuliani, ambos Doctores en Sociología por la Universidad de París 10-Nanterre, son catedráticos en el Programa de Posgrado en Sociología y Antropología (PPGSA) en el Instituto de Filosofía y Ciencias Sociales (IFCS), Universidad Federal de Río de Janeiro (UFRJ), Brasil.

## Introduction

In this report we examine the central features of corporate social and environmental responsibility (CSER) in Brazil, exploring the behavioural patterns and institutional arrangements that have shaped the CSER agenda. We pay particular attention to the pervasive changes that occurred within firms and among the different social actors involved in industrial relations from the 1980s until late 2002, when the administration of Luiz Inácio Lula da Silva took office. Our purpose is to delineate both the boundaries and dynamics of CSER in Brazil and to examine the debate about its contribution to sustainable human development.

The 1980s was a period of rapid and extensive change in the labour market. Some business associations increased their criticism of traditional corporate behaviour and encouraged modern companies to expand their philanthropic activities to demonstrate their social consciousness. Use of the terminology “corporate social responsibility” (CSR), which began in the late 1990s, opens up a new set of questions and challenges not only for managers but for firms in general.

Similar to trends in other countries, different social sectors in Brazil (particularly following the publication of the “Brundtland report” [WCED 1987]) are becoming more critical of the modernist position that justifies the excessive or abusive consumption of natural resources with reference to progress and increasing wealth, production and employment. Some entrepreneurs are demanding more environmental responsibility of business, even if a majority of firms continue to see environmental regulations as an imposition of significant costs on private industry that reduces competitiveness in international markets. The 1992 United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro opened a path to more efficient ways of addressing the difficult environmental problems caused by economic growth. Since this conference, a growing number of entrepreneurs have begun to realize that environmental protection is an area where profitable investment can be made, and have expressed their views in several meetings aimed at convincing their peers and influencing public opinion. Through corporate environmental responsibility (CER), they suggest, producing in sustainable ways reduces costs; and investing in the environment is an investment in the company’s reputation and the public’s confidence in business. They acknowledge that, throughout the 1980s, industrial growth and the environment were in conflict and it is only recently that some companies have discovered that they are able to perform better through environmental management.

An increasing number of firms are addressing both environmental and social issues. CSER involves three fundamental domains of responsibility: social welfare, environmental protection, and commitment to the community. If a company wants to be successful, it has to learn to uphold its reputation (in order to retain its market), to manage transparency and trust (in order to stay in the market), and to manage sustainability (in order to create value, eco-efficiency and social accountability). The prefix “eco” and the adjective “sustainable” are easily and quickly adapted to traditional economic concepts, such as “eco-compatible production”, “eco-efficiency”, “eco-business”, and even “sustainable performance”. It is possible to deduce that companies try to engage with the CSER agenda because it is easier to promote a firm’s social image with an environmental image, and vice versa. In order to comprehend these issues, we separate the analysis of the social and the environmental aspects. In so doing, one can see that these attitudes not only respond to problems of a different nature, but create different institutions. In addition, they illustrate opposite trends from the legal point of view: whereas one tries to reduce the universalization of labour standards and rights through voluntary approaches, the other tries to adopt new rules with increasingly regulated behaviours.

The paper is structured as follows. Part I, Corporate Responsibility Institutions and Initiatives, examines the history of CSER and the changing attitudes of the business community. Drawing on extensive interviews with managers and other personnel of companies and business associations, we describe the business organizations that have emerged in recent years to promote

CSER and analyse different types of initiatives that large firms and business associations have undertaken to improve their social and environmental performance.

In Part II, Stakeholder Analysis, we use a stakeholder approach to examine the pressure exerted on companies by different social actors, from those that are external to business, to those that belong to the business world. We consider the flow of influence and resources associated with the Partido dos Trabalhadores (PT), non-governmental organizations (NGOs), municipalities, trade unions, consumers, business magazines, the mass media and investors, as well as state agencies that are linked to enterprise and economic development.

In Part III, The Developmental Significance of Corporate Social and Environmental Responsibility, we go beyond business discourse and practice to consider whether the CSER agenda has made any significant difference to labour and environmental conditions. This assessment sets CSER against the backdrop of labour market restructuring and changes in environmental legislation and markets, and considers the evolution of several social and environmental indicators related to corporate performance.

By way of conclusion, we evaluate the contribution of CSER to the transformation of big business; the influence of democratization, liberalization and globalization on CSER; and the different trends associated with CSER.

## **I. Corporate Responsibility Institutions and Initiatives**

### ***The early years***

While CSER initiatives escalated in the 1990s, their origins are firmly rooted in the previous decade. It was primarily a particular subset of business associations that promoted thinking and practices associated with CSER. These were business organizations that not only represented and promoted their members' economic interests, but were also concerned with philosophical and cultural issues. These are legally defined as associations with a voluntary membership that offer their members both economic and strategic resources. They try to develop attitudes and stimulate actions related to social aspects of corporate performance. This approach stems from the belief that managers are responsible for strengthening the private sector's commitment to the improvement of social welfare. The sense of responsibility for a social agenda signifies something far beyond the traditional perspective of business leaders.

In this section, we examine the arguments, concepts and different approaches of business associations that have adopted CSER initiatives due to concerns about both the limits of welfare in Brazil and the traditional behaviour of firms.

The first group to introduce social consciousness to the business field was the Associação de Dirigentes Cristãos de Empresas do Brasil (ADCE-Brasil), a branch of the International Christian Union of Business Executives (UNIAPAC). The ADCE was founded in São Paulo in 1961.<sup>1</sup> In Brazil, its initiatives prompted a debate about the social role of business, particularly the publication of the *Carta de Princípios do Dirigente Cristão de Empresas* in 1965 by the São Paulo group.<sup>2</sup> In 1974, the association published another important document, *Decálogo do Empresário*, which contained, for the first time, an explicit proposal to link business management with social responsibility.<sup>3</sup> The association became a national network in 1977.

---

<sup>1</sup> The ADCE now has seven regional branches located throughout Brazil. The mission of the ADCE is to encourage business executives to act in the spirit of Christian Social Teaching, and toward personal and collective solidarity, justice, and freedom in social change. Interviews were conducted with the chief of the Board of Directors of ADCE-Rio and with the CEO of Latin America Network in 1999 and 2000.

<sup>2</sup> See ADCE (1997).

<sup>3</sup> See Gonçalves (1980).

To date, the ADCE has maintained a similar approach. According to the chief of the Board of Directors of the ADCE in Rio de Janeiro, there are clear indications of “social imperfections” that coexist with progress and may even be generated by progress.<sup>4</sup> The core commitment is to establish links between the organizational business space and the social context. Therefore social actions carried out by entrepreneurs are a useful tool for building a new culture.

The network developed by the ADCE elaborates new instruments and has reactivated the Catholic tradition of charity.<sup>5</sup> The central purpose, inspired by the legacy of the Encyclical Letter of Pope Leo XIII, *Rerum Novarum* (1891), is to deepen business understanding of the implications of the Christian vision in competitive practices.<sup>6</sup> Today, the network is active in Europe, Latin America, Africa and Asia, where it unites national associations.<sup>7</sup>

In co-operation with the ADCE, the Fundação Instituto de Desenvolvimento Empresarial e Social (FIDES) was founded in 1986. It focuses on “humanizing the firm and promoting its relationship with society”. Among its founders were managers, entrepreneurs and company owners from all regions of Brazil, most of whom were ADCE members.<sup>8</sup> The mission of FIDES is to develop special educational and intellectual tools, as well as relationships with ecumenical authorities, such as the National Bishops Committee, and dialogues with trade unions.

Following a different approach, the American Chamber of Commerce in São Paulo (Amcham-São Paulo), founded in 1919, promotes the concept of “corporate citizenship”.<sup>9</sup> Its institutional aims are to serve its members by influencing Brazilian and American public policy and by promoting mutual trade and investment. Inspired by the enormous and notorious social inequality in Brazil, it promotes private-sector social actions in the local community. Amcham-São Paulo acknowledges that engagement in social actions is a momentous task in a country where the “wealthiest still earn about 20 times more than the poorest, despite recent improvements”.<sup>10</sup> Since 1982, Amcham-São Paulo has instituted the Company in the Community Award. This initiative aims to stimulate social actions in the areas of health, education, environmental protection and education, community participation and culture.<sup>11</sup> To promote corporate citizenship, Amcham has mobilized on many fronts, and the promotion of social actions is regularly discussed in permanent committees.<sup>12</sup> In the opinion of Amcham-São Paulo’s president, corporate social action will probably become more professional, with the hiring of full-time experts to run projects and to find ways to measure results. The next step will be to make companies collaborate in collective projects.<sup>13</sup>

<sup>4</sup> See Chagas de Oliveira (1994). See also the newspaper *Gazeta Mercantil*, interview, 21 March 1998: there are in Brazil more than two million children outside the elementary schools, and more than 45 million people who should be considered functionally illiterate (who have completed less than four years of school).

<sup>5</sup> Regarding the relationships between Christian charity and social action in the Catholic Church, see Novaes (1998).

<sup>6</sup> This network has relations with UNIAPAC, the European ecumenical association founded in 1931. The principal organization, *Verbond van Kristelijke Werkgevers en Kaderleden* (VKW Belgium) was founded in 1925. The *Unión Social de Empresarios y Ejecutivos Cristianos* (USEC), the first Latin American association, was founded in Chile in 1948. Subsequently, other branches were founded: ADCE-Argentina and ADCE-Uruguay in 1952, and more recently in Bolivia, Colombia, Ecuador, Mexico, Paraguay and Peru.

<sup>7</sup> Worldwide there are 30,000 UNIAPAC associates. Their 2002 international meeting debated “the stakeholder approach”.

<sup>8</sup> Interview conducted with the chairman of FIDES in November 1999, and updated in October 2001.

<sup>9</sup> Amcham-São Paulo is more commonly known as an independent, non-profit association. It unites more than 4,000 companies and their 9,800-plus representatives, including numerous members in the United States. Today, Amcham-Brazil has five branches located in Brazil’s major business centres: Brasília, Curitiba, Recife, Belo Horizonte and Porto Alegre (interview material, members of the Board of Directors in Rio de Janeiro and São Paulo, September 1999 and November 1999).

<sup>10</sup> Data updated in 2001, available at: [www.amcham.com.br](http://www.amcham.com.br).

<sup>11</sup> In 19 years of existence, this “eco-award” is considered by experts to be one of the most important incentives for companies to undertake social action; 1,291 projects have competed for it—most, if not all, involving the largest companies in Brazil—and \$2.5 billion have been invested in the projects.

<sup>12</sup> Also in 1991, Amcham created the Quality in Education Program, a privately financed programme running in state schools. It is aimed at improving student literacy and mathematical skills, reducing the number of children who repeat their school year, and improving overall performance.

<sup>13</sup> See [www.amcham.com.br](http://www.amcham.com.br).

Another approach to the social engagement of business was adopted by the entrepreneurs' movement, Pensamento Nacional das Bases Empresariais (PNBE).<sup>14</sup> This group was formed in São Paulo in 1987, at a meeting that brought together more than 3,000 entrepreneurs. The PNBE's origin is related to efforts to encourage progressive industrial entrepreneurs, and develop an alternative to what were regarded as the lethargic policies of the Federação das Indústrias do Estado de São Paulo (FIESP).<sup>15</sup> PNBE admits there is conflict among social, economic and political interests. They recommend a "social pact"<sup>16</sup> to be achieved through bargaining practices. In 1987 they proposed prioritizing the national interest over entrepreneurial gains.

The PNBE promoted the concepts of democracy and citizenship. It also tried to mobilize businesses nationally for the first time, focusing its campaign on three points: a national social pact, development, and control of inflation. In 1992, this group was active in the processes leading to the impeachment of President Fernando Collor de Mello, and began advocating citizenship and improvements in the quality of life for Brazilian people. The group also invited its peers to develop a general notion of good practices<sup>17</sup> and has organized, since 1994, the Citizens Prize competition for businesses, which is composed of six categories: Excellent Consumer Relations and Modern Labour Relations; Education; Environment; Social Actions; Outstanding Media; and Exemplary Politician.<sup>18</sup>

The network known as the Grupo de Institutos, Fundações e Empresas (GIFE) has spread from Brazil throughout Latin America, a new perspective about business interest in promoting social practices. It was the first Latin American business association to provide resources for social projects.<sup>19</sup> Although GIFE was formally created in 1995, its first meeting was in 1988, when the group discussed philanthropy. This meeting was promoted by representatives of the Brazilian offices of Alcoa and the Kellogg Foundation, in collaboration with the Amcham-São Paulo (see table 1).<sup>20</sup>

At the meeting, GIFE criticized business practices, particularly corruption in the Legião Brasileira de Assistência (LBA) (the most important national organization dealing with social assistance) and called for the ethical management and investment of private resources in social projects. Then, GIFE elaborated a code of ethics. Indeed, GIFE promotes the responsibility and reciprocity of business vis-à-vis society, and high ethical standards of operation.<sup>21</sup> It aims to work with the state on programmes to decrease social inequality. In this effort, it participates in legislative debates and also collaborates with the national public programme Comunidade Solidária.<sup>22</sup>

---

<sup>14</sup> The PNBE's regional nuclei are today located in Rio de Janeiro, Fortaleza, Brasília, Presidente Prudente and Ribeirão Preto.

<sup>15</sup> Interview with the co-ordinator of PNBE-São Paulo, October 1999.

<sup>16</sup> The social pact solution as a process considers that it is possible to achieve compromise among different interest groups in society on the basis of dialogue and bargaining.

<sup>17</sup> The board's director pointed out that many leaders of other associations, such as Fundação Abrinq, and Instituto Ethos, have been members of PNBE.

<sup>18</sup> The 2000 prize for Social Actions went to the Orsa Foundation for its social programmes in education, health, volunteer work and environment. This foundation is supported by the Orsa Group and Jarcel S/A, which transfers 1 per cent of its annual turnover. The winner in Modern Labour Relations was the company Embrater, for progressive investment in employee education (100 per cent have completed secondary school) and for the training of its technicians.

<sup>19</sup> Its institutional partners are: the Federação das Indústrias do Estado de Minas Gerais (FIEMG); the Fundação Getúlio Vargas (FGV); the Instituto para o Desenvolvimento do Investimento Social (IDIS); the Instituto Ethos de Empresas e Responsabilidade Social; the United Nations Educational, Scientific and Cultural Organization (UNESCO). GIFE is estimated to promote about \$200 million a year in corporate social programmes (interview material, vice-chair for relations with government, São Paulo, November 1999 and November 2001). See [www.gife.org.br](http://www.gife.org.br).

<sup>20</sup> At the present time, GIFE has 65 members; 15 of them are firms and 35 firms' foundations. Among others, the first network included: the Bradesco, Kellogg, Ford, Iochpe, Odebrecht and Roberto Marinho foundations and Alcoa, Itaú Cultural, C & A, Vitae and Xerox institutes.

<sup>21</sup> Among the institutional programmes there is the GIFE Trainee Program. This programme, created in 1997 with support from the Kellogg Foundation, aims to generate a new third sector, and to stimulate the identification of new agents of social transformation committed to building a more just and harmonious society through administrative and technical competence. See [www.gife.org.br](http://www.gife.org.br).

<sup>22</sup> This national social programme was instituted in 1995 by the administration of Fernando Henrique Cardoso as a substitute for LBA. The core purpose has been to modify the old style of state assistance, suggesting a new partnership and co-operation with civil society. The goal is to constitute a public but non-state sphere by collaborating with the private sector.

**Table 1: GIFE Members, 2002**

Sectors	Corporate foundations or institutes
Automobile	2
Chemical and pharmaceutical	2
Communication	10
Electro-electronic and informatic	2
Financial	9
Mechanic and metallurgic	7
Mining and building	5
Food and beverages	5
Paper and editorial	2
Services	8
Textile and clothing	1
Transportation	0
Other	12
<b>Total</b>	<b>65</b>

Source: GIFE.

The origins of the current position about the positive role of business in society derive from these five networks (ADCE, Amcham, FIDES, PNBE and GIFE). They have provided much of the analysis and motivation for linking economic and social objectives. These have to do primarily with spiritual and political values, as well as interpretations related to civic claims for business and state transparency.

The leaders of the associations that were interviewed for this paper acknowledge that the consolidation of ethical and moral values in business must not be taken for granted. Indeed, for many decades, Brazilian companies have been acting in response to short-term economic goals with no special concern for social goals. In the traditional Brazilian business mindset, concepts like “collective” or “public” are interpreted only as state responsibilities; the state alone should be concerned about the social agenda. Thus, this group of associations suggests, in different ways, that a new perspective in business practices must complement the responsibility of the state.

The entrepreneurs and managers interviewed described the history of environmental consciousness of business in Brazil in terms of three periods. First, in the 1980s, businesses were concerned about the cost of and compliance with environmental regulations such as environmental impact assessments and environmental impact reports. In the early 1990s, the principal aim was to minimize risk and avoid penalties. Finally, at the end of the decade, businesses sought to increase profit through competitive advantage. From the business viewpoint, this process shows significant conceptual changes: from “environmental strategy” to “sustainability”; from “shareholder value” to “stakeholder value”; from “marketing communication” to “transparency and dialogue”; and from “defending reputation” to “earning reputation”.

Managers of environmentally aware companies generally present the “greening of business” process as a progressive and non-conflictual approach toward capitalism developing a human face. This conviction is reinforced by empirical studies, conducted principally by American scholars in the United States and Brazil, which address two general questions. First, do high environmental standards increase a company’s market value? In other words, is there a correlation between environmental performance and firm profitability? Some scholars show that there

is,<sup>23</sup> challenging those who consider this correlation neither necessary nor sufficient.<sup>24</sup> Second, scholars try to understand the relation between local environmental standards and the environmental standards of multinational corporations. Contrary to those who believe that multinational companies provoke a “race to the bottom” when local environmental regulations are less stringent than those in the home country of these companies,<sup>25</sup> some scholars show that multinational companies raise local standards.<sup>26</sup> As environmentally oriented companies are usually multinational or successful national companies, entrepreneurs give more relevance to results that reveal a positive correlation.

### ***The new institutional context***

The Constitution of 1988 provides an important institutional context for understanding contemporary attitudes of business toward CSER. The Constitution universalized labour rights, extended labour standards from urban to rural workers, and introduced new state agencies that act as mediators between firms and society. In the beginning of the 1990s important institutional changes occurred, including the decentralization of decision making in relation to local policies on education, transportation, health and the environment; the child and adolescent code, the consumer code, and the law on tax incentives for cultural investment and support.

This period is especially significant for industrial relations in several respects. First, in Brazil the income distribution between the wealthiest 20 per cent and the poorest 20 per cent reveals one of the highest levels of social inequality in the world.<sup>27</sup> This distribution has remained stable during the last two decades, and constitutes a principal determinant of poverty. Since 1981, on average, the bottom 20 per cent has accounted for only 2.6 per cent of income, while the top 10 per cent accounted for 47.6 per cent. Moreover, the top 1 per cent increased its share of income from 12.7 per cent to 13.3 per cent between 1991 and 1999.<sup>28</sup>

Second, the traditional centralization of social services, such as health, education and welfare, was rooted in the belief that the state was the agency responsible for promoting human welfare. However, state inefficiency and increasing bureaucracy, clientelism and corruption, made the social security system extremely weak. As a result, the 1988 Constitution promoted administrative decentralization, combining local and national responsibilities and improving co-operation between the public and private sectors in order to solve the welfare deficit.

Third, the dual employment market (formal and informal) showed the heterogeneous nature of work conditions and the disparity between urban and rural sectors. The legacy of the authoritarian military regime was a weak civil society. The 1988 Constitution was the first to introduce universal guarantees associated with citizenship and, especially, the workplace.<sup>29</sup>

Fourth, the strong inflationary trend seriously affected economic development and workers’ real income. In such a context, the principal goals of business were stabilization of prices and improvement in Brazil’s position in the world market. Multinational and large national companies gave determined support to the state in order to articulate the monetary stabilization plan in the

---

<sup>23</sup> See Porter and Van der Linde (1995); Dowell et al. (2000); Amilton et al. (1996); Feldman et al. (1996); Cohen et al. (1995); Russo and Fouts (1997); and Nehrt (1996).

<sup>24</sup> See Walley and Whitehead (1994).

<sup>25</sup> See Vernon (1992); Daly (1994); Stewart (1993); and Korten (1995).

<sup>26</sup> See Eskeland and Harrison (1997); Garcia-Johnson (2000); and Roberts and Stauffer (2001).

<sup>27</sup> In 1999/2000, the top 20 per cent accounted for 64 per cent of income. In contrast, the poorest 20 per cent had 2 per cent of national income. Inequality of wealth distribution is greater than that of South Africa (65 per cent and 3 per cent), Niger (53 per cent and 3 per cent) and Ethiopia (48 per cent and 7 per cent) (Miguel 2001, citing UNESCO Statistical Yearbook and World Bank).

<sup>28</sup> See Cardoso (2001).

<sup>29</sup> It established the irreducibility of the wage; workers’ participation in company profits; a 44-hour working week; paid weekly leave; pay norms for overtime work; annual vacation; maternity and paternity leave; protection of the labour market for women through special incentives; additional remuneration for stressful, unhealthy or dangerous work; free assistance for children until the age of six in day care; protection on account of automation; occupational accident insurance to be paid by the employer; a salary floor in proportion to the extent and complexity of the work; year-end salary bonus; pay rate for night-shift work; equal rights for workers with permanent employment and for temporary workers. See Article 7 of the Brazilian Constitution.

1990s. The restructuring process led to a reduction of salaries, charges and social benefits as a proportion of the firms' total costs, from 26 per cent in 1995 to 22 per cent in 1999 (CNI 2001).

Finally, in 1994 the Cardoso government proposed the programme *Mãos à Obra Brasil* (Set to Work Brazil), which reorganized and enlarged the partnership between the state and society in order to reduce the legacy of deep social inequality. This state policy stimulated the development of the so-called "third sector". Inspired by the North American model, companies engaged with this policy by strengthening or increasing the number of foundations or non-profit organizations. At the same time, many NGOs intensified their collaboration with the government and public agencies (Fernandes 2000).

Weak laws about governance in the workplace, which had previously existed, had delayed the implementation of new rules governing employment contracts. Institutional changes produced a clear division within the business community between entrepreneurs supporting the new constitutional regulations and entrepreneurs opposing them. Since 1990, opponents have tried to modify the constitutional rules and introduce greater flexibility on work contracts. The presence of these two groups indicates an important cleavage, which gives rise to different positions and attitudes toward corporate social responsibility.

By the beginning of the 1990s, it was clear that the welfare state was not improving the quality of life for the majority of the Brazilian population. Selective economic modernization and the persistently strong inequality of wealth distribution generated pressure on firms to act in a more socially responsible way. Organizations and individuals that struggled for the new constitution also created new expectations of business. Private companies lost their traditional credibility as symbols of wealth, when they proved incapable of promoting social development in a context of rapid economic growth. There was a wide gap between wealth accumulation and social welfare.<sup>30</sup> It became increasingly clear in public opinion that corporate policies affected not only workers' conditions but also the larger dimensions of social life. As such, both private consumption and investment decisions acquired political and social significance in addition to their economic importance.

It also became a commonplace notion that owners and managers should modify their strongly rooted belief that firms are autocratic structures and that the modern enterprise (national or international) is an isolated system of governance. The idea that companies, as well as the state, must introduce accountability and transparency in their goals and must contribute to social development gained currency. A small set of companies have incorporated these claims. Some firms and business associations have tried to adapt these social demands to their goals as they think about, introduce and advertise new standards and social concerns.

The ABRINQ (Associação Brasileira dos Fabricantes de Brinquedos) Foundation took the prohibition of child labour and the struggle for human rights as legitimate social concerns to which businesses should respond. In the late 1980s, several violent events brought into the open the human rights problems facing many Brazilian children. In response, some business leaders from São Paulo organized a forum aimed at encouraging the private sector to improve actions and programmes in the spirit of the international Convention on the Rights of the Child (1989), the Brazilian Constitution (1988), and the Brazilian Code of Children and Adolescents (1990). Toy-makers' networks formed the ABRINQ Foundation in 1989, and today it is an independent business institution that focuses on the promotion of children's rights.<sup>31</sup> Its philosophy aims to encourage social actions that go beyond the typical philanthropic actions that date from the

<sup>30</sup> The emergence of the Human Development Index as a measure of progress that includes both economic and social indicators was a contributing factor to the public's awareness of Brazil's low ranking (in terms of human development) in the international community. For example, in 2000, Brazil was ranked 79 in the United Nations Development Programme's (UNDP's) Human Development Index of 174 nations.

<sup>31</sup> Nowadays it includes 2,000 members. It also has agreements with national foundations and international agencies such as the ILO and the United Nations Children's Fund (UNICEF).

nineteenth century, generating synergies against child labour in the fields of national and international business.<sup>32</sup>

The main goals are the discouragement of child labour and the production of “good and exemplary actions” that seek to expand the support for programmes on health, education, nutrition and culture for children.<sup>33</sup> In this sense, the foundation directed companies in two main programmes initiated in 1993 and 1995, respectively: Our Child, which endeavours to increase the availability of high-quality childcare; and Empresa Amiga das Crianças, sponsored by the International Programme on the Elimination of Child Labour (IPEC) of the International Labour Organization (ILO).<sup>34</sup>

Concrete policies support school attendance, the promotion of training and professional skills, the organization of national campaigns in favour of social conventions, and the prohibition of products and services that use child labour. The ABRINQ Foundation also organizes the Child-Friendly Firm label, which is conferred on companies that prohibit the work of children under the age of 14. This commitment is extended to all their suppliers and clients, and supports programmes to favour children’s education or adolescents’ professional training.<sup>35</sup> Behind these innovative policies is an understanding of the relationship between consumption, culture and citizenship.<sup>36</sup>

During the presidential elections of 1994, a few entrepreneurs who were members of the Forum da Media e Pequena Empresa (FOPEME), supported the candidacy for senator of the leftist Eduardo Suplicy, and soon afterwards founded the Associação Brasileira de Empresários pela Cidadania (CIVES).<sup>37</sup> This political business entity focuses on the following commitments: development of citizenship, improvement of democracy, advocacy of social justice and business ethics. During the 1980s and 1990s, this group participated in different movements such as the Movement for Ethics in Politics and the PNBE. In 1994, they left the PNBE and established as their main objectives the structural reform of the state, including fiscal reform, the adoption of a progressive income tax system, and the defence of universal labour rights.

In 1998, another group adopted the corporate social responsibility motto. Instituto Ethos was founded in São Paulo as a private organization, and was sponsored by more than 400 firms acting as members.<sup>38</sup> This institute also developed international partnerships with other like-minded groups such as Business for Social Responsibility (BSR), the Kellogg Institute, the International Business Leaders Forum and the United Nations Global Compact.<sup>39</sup> The basic rationale

<sup>32</sup> Among the financial supporters in 2001 were UNICEF, W.K. Kellogg Foundation; Vitae Apoio à Cultura, Educação e Promoção Social; ILO; Fundação De Waal; Escola de Administração de Empresas de São Paulo-FGV; Coopers & Lybrand Biedermann, Bordasch; Folha de São Paulo; Sociedade Brasileira de Psicanálise; Serviço Nacional de Aprendizagem Comercial (SENAC); ABRINQ; Citibank S/A; Yakult S/A; Banco Safra; Natura Cosméticos SA; Rádio Eldorado; Full Jazz Comunicação e Propaganda; and McCann-Erickson Brasil.

<sup>33</sup> The UNICEF report *Situação Mundial da Infância* had been very important to this foundation. Alarmed by Brazilian indicators, principally of education and health, lower than in many Latin American countries, and worried by the consequent future of children, the foundation decided to deal with these problems.

<sup>34</sup> The resources for these two projects in 1999–2000 amounted to 500,000 Brazilian reais (R\$), but the total budget of the foundation was R\$6,856,000. See [www.fabrinq.org](http://www.fabrinq.org) (accessed in October 2001).

<sup>35</sup> During 1995, the first year of this programme, 264 firms were allowed to use the label. They were primarily companies from the industrial, agroindustrial, commercial, services and financial sectors.

<sup>36</sup> One of the theoretical references is Canclini García (1996:21), who underlines a connection between consumption and citizenship. He criticizes the perspective that considers consumers’ behaviour as “predominantly irrational” and looks at the action of citizens as directed by ideology. Consumption, he suggests, “helps to think. When we choose a good, we are defining what we consider socially valuable, how we integrate and distinguish ourselves into society, and how we combine the useful with the pleasant”.

<sup>37</sup> In 2001, the group had more than 300 regular members, most of them in São Paulo, Porto Alegre and Rio de Janeiro. The interview was conducted in February 2002 with two members of the São Paulo co-ordination team.

<sup>38</sup> Interview updated in October 2001, and [www.ethos.org.br](http://www.ethos.org.br).

<sup>39</sup> BSR was founded in 1992, and is a US-based global resource for companies seeking to respect ethical values, communities and the environment. Today, BSR links more than 1,400 member and affiliated companies in a worldwide network of programmes and partners. BSR provides practical products and services to help member companies designing and implementing socially responsible practices. The W.K. Kellogg Foundation was founded in 1930 as a non-profit organization. Its declared mission is to aid people helping themselves through the practical application of knowledge and resources able to improve their quality of life and that of future generations. The International Business Leaders Forum (formerly Prince of Wales Business Leaders Forum) is an international non-profit organization founded in 1990, whose aims are to promote socially responsible practices able to benefit business and society, and to help achieve sustainable development.

for this kind of engagement stems from the institute's conception of the social role of firms. According to Instituto Ethos, the power of firms has, until recently, only been wielded to increase the owners' wealth. Corporate social responsibility implies that corporations should be subjected to general democratic pressures. Firms must consider the different demands from consumers, workers, communities, suppliers, etc. Firms also have to interact with public agencies in order to provide social services. Using their economic power, firms should be able to promote cultural change, that is, to introduce new values into the community.<sup>40</sup> According to the mission of the institute, social responsibility should lead beyond the classic social investment model that is characterized by isolated initiatives related to the firm's economic objectives. Social responsibility goes in another direction; it encourages firms to behave in ways that are pertinent to society's demands. Entrepreneurs have to increase their competence to make investments that reinforce both economic and social networks, and they must disseminate this concept among their stakeholder networks.<sup>41</sup> Therefore, Instituto Ethos suggests that its members must promote the company's image as an actor that civilizes the conditions surrounding the firm.

Instituto Ethos offers its members services, such as information on best practices and CSR, business networking, consultant expertise and publications. During 2000, it introduced a code of ethics for firms and published indicators of social responsibility (Instituto Ethos 2000a, 2000b).

The Conselho Empresarial Brasileiro de Desenvolvimento Sustentável (CEBDS) is the only Brazilian business organization specifically concerned with environmental issues. It is a voluntary organization that gathers entrepreneurs and company representatives interested in promoting a new business approach oriented to sustainable development. The CEBDS was founded in Rio de Janeiro in May 1997 as a member of the World Business Council for Sustainable Development (WBCSD) and currently has more than 50 member companies.

The CEBDS is acting in different areas through its four "technical chambers": Environmental Legislation, Eco-efficiency, Climate Change and Biodiversity. It makes suggestions to, and exerts pressure on, Congress concerning proposals for environmental legislation.<sup>42</sup> Citing studies conducted in the United States that show that consumers are more attracted to products whose producers are engaged in some type of social action, it emphasizes the importance of CSR. It publicizes the successful experiences in the environmental field that have been achieved by its members and promotes discussions about sustainable development and the principle of eco-efficiency in national and international business forums, universities, state agencies and NGOs, and also organizes competitions in the area of CER.

The CEBDS edits two quarterly journals, *Desenvolvimento Sustentável no Rumo da Mudança* and *Brasil Sempre*. It also publishes the *Relatório de Sustentabilidade Empresarial (RSE)*,<sup>43</sup> which highlights its members' experiences in environmental management and education, and encourages sustainability and excellence in business.<sup>44</sup> The CEBDS actively supports the adoption of the Clean Development Mechanism (CDM), and is also the promoter in Brazil of the Sustainable Mobility project, which is managed by the WBCSD and supported by nine multinational corporations with interests in the transportation sector.<sup>45</sup> This project started in 1999 and aims to identify sustainable

<sup>40</sup> According to Instituto Ethos, business responsibility must begin with evaluating the firm's power. Businesses have enormous opportunities to influence ideas, values, and the day-to-day lives of people, and that implies a great responsibility.

<sup>41</sup> According to Instituto Ethos, "they have to identify innovative and effective ways to act in partnership with communities in order to construct a common welfare" (interview material, October 2001; see also [www.ethos.org.br](http://www.ethos.org.br)).

<sup>42</sup> The CEBDS supports studies about zoning, environmental regulations and standards, as well as the creation of a national environmental information system.

<sup>43</sup> Reports of the following companies are already available on-line: 3M-Minnesota Mining and Manufacturing; Dannemann, Bigler & Ipanema Moreira; Sistema FIRJAN; Furnas; Asea Brown Boveri (ABB); Banco do Nordeste; Electrobrás Termonuclear S/A; and Siemens.

<sup>44</sup> In one example, Pirelli S/A supports the Xapuri project, through which the company is committed to buy all the rubber tappers' production from the Amazonian state of Acre. This project aims to improve Pirelli's tire production and to stabilize the Amazonian local population in rural areas. In a second example, Siemens develops educational initiatives and supports cultural events.

<sup>45</sup> Shell International Ltd., British Petroleum, Volkswagen AG, Ford Motor Company, General Motors Corporation, Group Michelin, Norsk Hydro ASA, DaimlerChrysler and Toyota Motor Corporation.

solutions for cargo and people transportation in the medium and long term. Four large events with interested groups have been planned on different continents in order to facilitate the discussion of problems.<sup>46</sup>

The CEBDS explains the importance of being a member in a few general but revealing sentences. To be a CEBDS member offers the following advantages: the assurance of organizational survival; the improvement of company image; access to the necessary political support on environmental questions; and access to the latest news in the business field about eco-efficiency. To the question “how can companies decide what projects are feasible?” the Council answers that it is fundamental to establish dialogue with shareholders, state agencies, legislators, NGOs and the community. In this sense, it is active in encouraging agreement between companies and public agencies, communities and NGOs.

### ***Corporate responsibility initiatives***

Having considered different perspectives on social responsibility from the viewpoint of business associations and managers’ groups, we now look at some of the concrete initiatives that are being adopted. In Brazil a large number of firms have their own social programmes and frequently follow the orientations of business associations. We describe several prominent initiatives, starting with firms’ and associations’ codes of conduct; social audits; international multistakeholder initiatives associated with principles, codes and certification; and efforts to deal with corruption. We then consider corporate social and environmental practices and investment. It is important to emphasize that several conditions have influenced these actions, notably the relationships between local and international culture, the strategic changes and constraints of business modernization, and the pressure exerted by communities and civil society organizations. Because of the heterogeneous set of social goals and approaches for accomplishing them, we classify the firms’ initiatives in terms of “community donations”, “social actions” and “social investments”.

#### **Codes and principles**

A code of conduct is an official and formal document that reflects how a firm intends to integrate economic goals and ethical values. A code can be seen as a company’s message to society.<sup>47</sup>

For Brazilian businesses, the wave of voluntary codes of conduct that has grown in the last two decades is both distinct from and similar to the trends in other countries.<sup>48</sup> In Brazil the introduction of codes came later and tends to be a peculiarity of transnational corporations. Their codes are sometimes transferred from the parent company to the Brazilian factory.<sup>49</sup> Another important structural feature is the morphology of codes of conduct. The Organisation for Economic Co-operation and Development (OECD) distinguishes between four types of codes: the company code; the business association code; codes involving partnership with certain stakeholders; and those created by international organizations. In Brazil, unfortunately, no data exist along the lines of this typology. However, our research of 60 national and local business associations (Cappellin et al. 2001) and of 12 national and international firms (Cappellin 2001) indicates that very few Brazilian companies have adopted a code of conduct. We found only two business association codes—from the toy and chemical sectors—which were introduced in the 1990s. Moreover, the sectoral composition of firms adopting codes corresponds only in part

---

<sup>46</sup> See [www.cedbs.com/index.html](http://www.cedbs.com/index.html) and Vieira de Azevedo (2002).

<sup>47</sup> Scholars have debated the backgrounds, motivations, purposes and impacts of codes, trying, above all, to decipher their contributions in terms of the internal and external environment of the firm (Weaver 1993; Diller 1999; Jenkins 2001; Frundt 2001).

<sup>48</sup> Weaver (1993) cites a report from the Financial Executive Research Foundation (White & Montgomery) that claims that, in 1980, 77 per cent of *Fortune* magazine’s top 1,000 firms had codes of conduct. In 1992 this percentage increased to 93 per cent, according to the Center for Business Ethics.

<sup>49</sup> According to Jenkins (2001), the spread of codes of conduct should be seen as a complex international effort in which the OECD Declaration on International Investment and Multinational Enterprises (1976) and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (1977) have played an important role.

to the OECD study.<sup>50</sup> In Brazil, we found that codes are more frequently adopted by firms in the petroleum, food, telecommunication, pharmaceutical, chemical, and automotive sectors. Only a few have translated their codes into Portuguese.

According to Weaver (1993), it is possible to comprehend the character of company codes of conduct by reading these documents as a form through which firms communicate with the external environment. In this sense, four codes are interesting examples of sanctioning power relationships: the *Código de Ética e Conflito de Interesses* of Royal Fleishmann Nabisco,<sup>51</sup> the Environment, Health and Safety Corporate Policy of Xerox;<sup>52</sup> the Statement of General Business Principles of Shell;<sup>53</sup> and the Five Principles of Code of Conduct of Glaxo Wellcome.<sup>54</sup> The comparison of these four codes reveals variations in management relations with different stakeholders. This analysis identifies how the firms incorporate social concerns and translate them into codes of conduct.

Royal Fleischmann Nabisco's code can be seen as a labour control mechanism, characteristic of an autocratic organization. Employees must sign this code every year, and the firm can dismiss workers who do not respect the code. In this document several prohibitions are stated that constrain worker behaviour, beliefs and attitudes. This has the effect of enlarging the firm's disciplinary power over workers' lives outside the firm. For example, the code prohibits employees from fulfilling "any externally paid work" apt to spoil their abilities, loyalty and responsibility toward the company; and "from enlisting colleagues in political parties". Further "the employees must leave the firm before seeking any elected political positions". There is only one very general positive statement: "The company, observing ... current legislation, manages the equal opportunities policy in all its activities, independent of race, sex, religion or nationality."

Xerox's code seems to show another approach. It combines a broad set of issues—environment, technology and labour. Xerox's commitments to the environment are reiterated in the code: "Xerox began practicing environmental leadership long before it was the law. At Xerox, environmental leadership is and has been a top business priority." Xerox's code also addresses certain labour issues: "The company supports partnership relations, the common vision of company and employees about the business future as well as each employee's identity and values." Gender issues also appear in the code in a general way: "The company does not accept any discrimination based on race, sex, religion, political orientation, age and physical disablement."

Shell's code intends to improve the relationship of the firm with important economic, social, community and environmental stakeholders. In this code, ethical and political standards are also mentioned as values that must receive institutional and individual acceptance. However, behaviour is regulated in a subtle way. "Where individuals wish to engage in activities in the community, including standing for election to public office, they will be given the opportunity to do so where this is appropriate in the light of local circumstances." And "employees must avoid conflict of interest between their private financial activities and their conduct of company business". Regarding gender issues, Shell's code states: "The administration adopts the following principles: to respect the employee's individuality and to preserve employee dignity by rejecting all kinds of discrimination or prejudice."

Glaxo's code demonstrates the most encompassing vision about economic and social values. The entire document emphasizes the firm's general commitment to contribute to the welfare of people. This is a code that addresses diverse stakeholder relations: consumers, workers, in-

<sup>50</sup> At the international level, codes of conduct prevail in the following sectors: extractive activity in the primary sector; in textile, chemical and metal products in the secondary sector; in commerce and transport in the tertiary sector (see Jenkins 2001).

<sup>51</sup> Royal Fleishmann Nabisco (today part of the Kraft conglomerate) is a US food company with business operations in Brazil since 1931.

<sup>52</sup> Xerox is a US mechanical product company with business operations in Brazil since 1965.

<sup>53</sup> Shell is a Dutch petroleum company with business operations in Brazil since 1918.

<sup>54</sup> Glaxo Wellcome was a UK-based pharmaceutical and health care company that has been operating in Brazil since 1950. It employed 3,200 people in Latin America. In 2000 the unit in Rio de Janeiro moved from a neighbourhood surrounded by slums to a new location in a wide-open, green area.

vestors and the community. "We will also make responsible and efficient use of the Earth's resources and people's efforts in making our products, integrating environment, health and safety activities into all aspects of our business."

Atuação Responsável, proposed by the Associação Brasileira da Indústria Química (ABIQUIM) in 1991, is a national commitment similar to the international code known as Responsible Care. This initiative was an institutional tool to behave proactively and avert legislation (Garcia-Johnson 2000; Roberts and Stauffer 2001). In fact, a 1986 ABIQUIM survey demonstrated that the majority of those interviewed did not trust the chemical industry, and believed that government should control the industry with restrictive legislation. The adoption of Atuação Responsável in Brazil was mainly promoted by multinational corporations. Some domestic companies questioned this initiative. They considered it simply an attempt to improve the company's public image—one that might work abroad, but not in Brazil. Some domestic companies were worried that the Atuação Responsável programme would attract the attention of government officials and lead to the raising of standards, which could be unbearable for most Brazilian companies. Just before the 1992 Earth Summit, Atuação Responsável was officially established with the participation of 50 per cent of ABIQUIM's members (due to the participation of large firms, they represented 90 per cent of production). In 1997, 104 (75 per cent) of the 138 chemical company members of ABIQUIM signed or renewed their commitment to Atuação Responsável. Of these 104, approximately 50 companies included environmental items in their annual budget (Roberts and Stauffer 2001:162–163). In January 1999, the commitment to the initiative was made mandatory for all of the approximately 130 members of ABIQUIM. However, most of the other 600-plus chemical producers in Brazil are not participating in the programme and are unlikely to do so (Roberts and Stauffer 2001).

By 1993 ABIQUIM had developed six codes of practice for Atuação Responsável: Process Safety, Employee Health and Safety, Transport and Distribution, Environmental Protection, Dialogue with the Community and Emergency Preparedness and Response, and Product Stewardship. As one of the goals of the programme is "self-evaluation", Garcia-Johnson considers it difficult to measure the success of the implementation (2000:164). The author also estimates that participation in Atuação Responsável was not simply to preserve the environment, or to gain competitive advantages.<sup>55</sup> A serious gap exists between the leaders and the majority of the firms associated with ABIQUIM. While the multinational companies have lobbied the government through the association to urge stronger legislation and more requirements, smaller ABIQUIM members do not have the resources to change, and they want to minimize regulations in order to remain competitive (Garcia-Johnson 2000:174).

Roberts and Stauffer (2001), in their study of 619 firms in the Brazilian chemical industry, conclude that the typical Brazilian firm that subscribes to the Atuação Responsável environmental programme is a foreign-owned, publicly held, and professionally managed firm that exports about \$6 million a year and has over 200 employees. Non-participants in the programme, by contrast, tend to be far smaller and nationally owned firms that do not trade outside Brazil, and half of these firms are managed by the owner's family.

Since the late 1990s, some Brazilian firms have adopted two other types of CSR initiatives: the social audit (or social account) and the annual social report. These documents make explicit the interests of managers to promote and communicate self-evaluations of their social activities. In 2000, Instituto Ethos also designed indicators of social responsibility (Instituto Ethos 2000b:9). With a questionnaire, the firm is able to conduct an internal diagnosis to determine the parameters of their socially responsible activities. The questionnaire collects information on seven topics: values and transparency; workers and staff; environment; contractors and suppliers; consumers and clients; community; and government and society. By February 2002, approxi-

---

<sup>55</sup> Less than 50 per cent of the 104 Atuação Responsável participants viewed environmental issues as a business opportunity (Garcia-Johnson 2000:165).

mately 100 Brazilian firms, by and large industrial firms in the south, had used this tool of management and planning.<sup>56</sup>

Various firms have also undertaken social audits, which have assumed different models. This tool was pioneered in the 1980s, and various large national firms have given the social audit more attention in the 1990s.<sup>57</sup> The difference between the Ethos indicators and the social audit is that, in general, the latter has a public character as results are usually published. Some business entities (for example, the Federação Brasileira dos Bancos/FEBRABAN) have encouraged the dissemination of “information in the area of social action, culture, athletics and environmental protection”, complementing the institutional action of firms.<sup>58</sup> The Comissão de Valores Mobiliários (CVM), the federation of industries in some states (e.g., Minas Gerais and Rio de Janeiro) and professional associations (financial investors) have also taken initiatives to publicize the social audit of their institutions, suggesting that their members are equally involved.

Finally, the limited adoption of codes of conduct by firms in Brazil is to some extent compensated by annual social reports. Like codes of conduct, this is a recent trend in business culture that aims to communicate with public opinion and respond to stakeholder concerns. Annual social reports are most frequently used by extractive, petroleum, chemical, food and financial firms, as well as recently privatized electricity, gas and water companies. Annual social reports should not automatically be considered an effective mode of stakeholder exchange.

In effect, very few of these tools—codes of conduct, social audits and annual social reports—are subject to any independent monitoring, verification or external supervision. Their role is merely to disseminate signals, vocabulary and images from firms to public opinion, as part of a new communications strategy. They can also be seen as a means of seeking legitimacy, in response to pressures for increasing transparency. In general, the companies’ publication of limited information about their social record contrasts with their reluctance or refusal to offer their managerial and administrative information to trade unions during collective bargaining. Although, at the present time, voluntary codes, social audits and annual social reports could be seen as a first step toward a dialogue with society, these forms of communication cannot be considered as automatic adhesion to the engagement of stakeholders, and less still, as evidence of genuine partnership.<sup>59</sup> These CSR tools could be a step in this direction if linked to other methodological tools that are adjusted systematically and regularly on the basis of evaluation. But with the lack of independent monitoring, supervision and systematic assessment, they could simply remain instruments for projecting a one-sided message.

During 2001, two international CSR initiatives extended to Brazil: SA8000<sup>60</sup> and the United Nations Global Compact.<sup>61</sup> A few firms have started to engage with these initiatives. By mid-2001, two courses had been held on SA8000 certification, which is a tool for assessing management systems for improving workplace conditions. It uses social auditing techniques to verify effectiveness (see table 2). SA8000 has been promoted by the Instituto Brasileiro de Análises Sociais e Econômicas (IBASE) and the Federação das Indústrias do Estado de Rio de Janeiro

<sup>56</sup> Respondent firms have incorporated the provision of these indicators in various ways. In some firms, the indicators are a tool used exclusively by the human resource department. Some collaborate with consultants and use the results of the questionnaire for an internal appraisal that involves a range of departments. Others seek special expertise from Instituto Ethos in the process of filling out the questionnaire (interview conducted with the director of company relations, Instituto Ethos, October 2001).

<sup>57</sup> Among the firms involved in social audits are Abril S/A, Acesita, Alpagatas, Alternex S/A, Aracruz Celulose S/A, Azaléia S/A, Banco da Amazônia, Banco do Brasil, Banco do Nordeste do Brasil, Banco Itaú S/A, Banco Santos, Ceval, Cerasa, Cia. Antarctica Paulista, Confab, Gerdau, Inepar S/A, Intermédica São Camilo, Intermédica Sistema de Saúde, Petrobras, Previ, Tupi S/A, Sabesp, Samitri S/A. See [www.akatu.com.br](http://www.akatu.com.br) (accessed in December 2001).

<sup>58</sup> Interviews with the president of FEBRABAN, November 1999 and October 2001.

<sup>59</sup> A partnership is a particular type of relationship. According to Utting (2000): “Genuine partnership involves not only different actors or stakeholders coming together to pursue a common goal, but also mutual respect, transparency, balanced power relations, and the equitable distribution of benefits, responsibilities and risk.”

<sup>60</sup> SA8000 is a cross-industry standard for workplace conditions and a verification and certification system.

<sup>61</sup> The Global Compact is a United Nations initiative that encourages transnational corporations and other companies to adhere to nine principles related to environmental protection, human rights and labour standards.

(FIRJAN). In March 2002, the SA8000 Web site reported only four Brazilian companies (from the state of São Paulo) among its 118 certified companies.<sup>62</sup>

**Table 2: Selected international multistakeholder initiatives in Brazil**

Multistakeholder initiatives	Companies in Brazil
Global Reporting Initiative	Natura, Shell, Electrolux, Ford Motor Company
Global Framework Agreement	Carrefour
Ethical Trading Initiative	Levi Strauss
Clean Clothes Campaign	Levi Strauss
Fair Labor Association	Levi Strauss
Social Accountability 8000	Cosmotec Especialidades Cosméticas Ltda., AFL do Brasil, Companhia Energética Santa Elisa, De Nadai Alimentação, ABRINQ Foundation
Worker Rights Consortium	Taka Tecelagem Kuehnrich S.A., Ceramarte of Brazil

**Source:** www.cepaa.org (accessed in March 2002).

The Global Compact, which encourages firms to adhere to nine principles related to environmental protection, labour rights and human rights, was presented to Brazilian executive directors in October 2001. The workshop was sponsored by a coalition of organizations, among others the Federação das Indústrias do Estado de Minas Gerais (FIEMG) and the Instituto Ethos. Table 3 shows the companies in Brazil participating in the Global Compact as of early 2003.

<sup>62</sup> The Brazilian companies are Cosmotec Especialidades Cosméticas Ltda.—materials for cosmetic industries; AFL Do Brasil Ltda.—electronics manufacture, assembly and sales of electrical distribution systems; Companhia Energetica Santa Elisa—food production and sale of sugar, alcohol and electric power; and De Nadai Alimentacao S.A.—food preparation, supply, sale of meals, snacks, breads, delivered to clients. See the Web site of Social Accountability International, www.cepaa.org (accessed in March 2002).

**Table 3: Brazilian companies participating in the UN Global Compact (May 2003)**

Aché Laboratórios Farmacêuticos S/A  
Aracruz Celulose  
Amsterdam Sauer Joalheiros  
Calcados Azaleia S.A.  
Cia. Siderúrgica Belgo-Mineira  
Companhia Amazônia Têxtil de Aniação (CATA)  
COPEL—Companhia Paranaense de Energia  
EAN Brasil—Assoc. Brasileira de Automação  
Editora Palavra Mágica Ltda.  
Geire Trabalho Temporário S/A  
Giroflex S/A  
Grupo Coimex Cia Importação e Exportação  
Natura  
Organizacoes Globo  
Pulsar Informática Ltda.  
RBS  
Samarco Mineracao  
Serasa—Centralização de Serviços Bancários S.A.  
Servico Social da Industria (SESI)  
TGI Consultoria em Gestão Ltda.  
Yázigi Internexus Participações S/A

**Source:** United Nations Global Compact Network (2003).

### Corruption

One of the key factors contributing to the reproduction of social inequality is corruption, which channels resources from the weak to the strong and orients the public administration toward private interests. Corruption involves the business community in various ways. Illegal and unethical behaviour may taint public sector transactions with the private sector. The state has recognized this and, most importantly, concurred that its own actions must set the standard for honest performance. After President Fernando Collor de Mello was forced out of office in 1992 on corruption charges, many observers hoped this would signal the opening of a new chapter in the fight against fraud. Yet corruption remains one of the major problems in Brazil; and some even go so far as to call it endemic.<sup>63</sup>

Gathering data about corruption at the national level in relation to awarding contracts or the purchasing of favourable legal decisions is obviously a difficult task. Data published by Transparency International (TI), which, since 1995, has published the Corruption Perceptions Index (CPI), provide very interesting insights.<sup>64</sup> According to this source, more than six years have passed since 21 Latin American countries (and the United States) signed the Inter-American Convention Against Corruption, yet bribery remains a major problem on all levels of public service throughout Latin America.<sup>65</sup> The 2001 CPI shows that Latin America scores an average

<sup>63</sup> See the declarations of the Senate investigation committees on the banking system and the judicial branch, and House of Representatives committee on money laundering, drug trafficking, fraud and diverse forms of corruption (Fleischer 2001).

<sup>64</sup> Transparency International (Berlin) brings together 108 institutions, including NGOs, governments and companies. This institution is sponsored by the United States Agency for International Development (USAID), Soros Foundation, Ford Foundation, European Union and different companies (Cavalcanti 1999).

<sup>65</sup> See Latin Business Chronicle (2001).

of 3.6 points on a scale where 10 points represents the highest level of transparency. In a survey of 17 nations, only one came close to the upper limits: Chile, with 7.5 points, scored higher than countries like Germany, Japan and France.<sup>66</sup> Brazil showed some improvement during the three polls since 1995. In 1995, Brazil was considered one of the most corrupt of 41 countries (ranked 37). In 1996 Brazil ranked 14 among 54 countries, and in 1997 16 among 52 countries. In the 1999 index of 99 countries, Brazil more or less maintained its middle-of-the-road position.<sup>67</sup>

Transparência, Consciência & Cidadania (TCC) was founded in 1996 in Brasília. Among the founders were industrial associations, Instituto Ethos, the PNBE and Abong (Associação Brasileira de Organizações Não Governamentais). A study by TCC-Brazil's president, David Fleischer, estimates the direct and indirect economic impact of corruption at about R\$6,000 per capita per year (Silva et al. 2001). According to the "Brazilian Transparency International", bribery is responsible for much of the poverty in Brazil.<sup>68</sup>

The perception of corruption among businesses in Brazil does not match conventional wisdom. In fact, an April 1999 poll organized by the Vox Populi Institute showed that more than 50 per cent of the population considers that corruption levels are immutable and that those involved enjoy impunity (Oliveira 2000).

TI and Social Accountability International (SAI) have issued Business Principles for Countering Bribery for public consultation.<sup>69</sup> Efforts to control corruption target the process of bidding for and implementing contracts. They encourage business to abstain from bribing, directly or through intermediaries, any government official (or a relative or friend) in exchange for any advantage. TI has developed a model for implementing its principles through the Integrity Pact, which is intended to accomplish several objectives, including enabling companies to abstain from bribing by assuring them that competitors will also refrain from bribing. It has been developed on the basis of extensive discussions with foundations, governments, international agencies such as the World Bank, the Inter-American Development Bank, the Asian Development Bank, the International Finance Corporation, the United Nations Development Programme, the International Court of Arbitration of the International Chamber of Commerce, as well as NGOs and representatives of civil society in various countries.

#### Social practices of companies

During the 1990s, corporate philanthropy and social investment became more relevant both for companies and public opinion. For example, in 1998, the Brazilian weekly business magazine, *Exame*, published an extensive report about this issue, and in 2000 it published the special bulletin *Guia da Boa Cidadania Corporativa*, which identified 500 corporate projects involving several hundred firms in five areas related to community, education, health, culture and voluntary work.<sup>70</sup>

Corporate behaviour, both nationally and internationally, reveals some interesting trends. First, several firms have increased their community donations in recent years. Second, some firms have diversified their programme activities, for example, engaging in projects related to community development, education and environment. Finally, the preferences for particular areas are clear. For example, companies from the metallurgic, financial and technological sectors are the leaders in community investments.<sup>71</sup> Investments in education often involve companies

<sup>66</sup> According to the 2001 CPI, Bolivia is perceived as the most corrupt country in Latin America and Chile the least ([www.transparency.org](http://www.transparency.org)).

<sup>67</sup> The CPI is based on different surveys from independent institutions looking at how corruption among public officials and politicians is perceived. TI emphasizes that its index does not necessarily reflect the current status of corruption in a country, but rather the perception.

<sup>68</sup> See Web site [www.ethos.org.br](http://www.ethos.org.br) on corruption (accessed in 2001).

<sup>69</sup> The consultation ran from 16 August to 26 October 2001, following which the principles were reviewed.

<sup>70</sup> The 500 projects spent a total of R\$250 million. Instituto Ethos's indicators were a tool for defining CSR (*Exame* 2000).

<sup>71</sup> For example, the Banco do Brasil, providing about R\$20 million, co-ordinates four projects focused on children, disabled people and professional training in poor districts. Compac company donated computers worth R\$100,000 to social associations. Gerdau, a metallurgical firm, spent more than R\$1 million on training courses for young people (*Exame* 2000).

from the traditional sectors such as textiles, paper, food, publishing tobacco and construction.<sup>72</sup> Investments in health are less extensive in terms of the number of programmes and the amount of money involved. They are more common in the traditional and metallurgical sectors and less present among financial companies.<sup>73</sup> Finally, companies from chemical and traditional sectors also support environmental projects.<sup>74</sup>

In this period, some national companies also sought to increase their visibility in promoting social initiatives. Two paths are particularly relevant. Some create specific departments inside the firm that are responsible for the social initiatives and programmes. Others form institutes or foundations having these goals. These different options suggest different strategies. The first combines economic and social performance by keeping the initiatives within the firm, maintaining these as part of the company brand. The second tries to professionalize the social initiative team, and maintains a distance from the control of the firm's managers. At times, these approaches are not alternatives but can be seen as two steps in an overall strategy. The oldest corporate foundations always prefer to act outside of the firm, in favour of community needs. Also there is a tendency in which companies prefer to change their trajectory from individual donation to corporate philanthropy by building foundations. The cases below offer an overview of these strategies.<sup>75</sup>

The Fundação Bradesco, established in 1956, is a co-founding member of GIFE, and is one of the largest Brazilian private bank foundations. With R\$2 million in properties, it supports 36 primary and secondary schools for more than 90,000 children.

The Fundação Banco do Brasil, established in 1985, is one of the largest public bank foundations. In 2000, it spent more than R\$40 million sponsoring social projects principally directed toward education, health and culture. With R\$160 million, this foundation changed its social policy in 1996. Previously, it had only sponsored specific initiatives, but since 1996, it has institutional programmes that are managed by its foundation team.<sup>76</sup>

The Fundação Victor Victa, created in 1986, is related to the editorial company of the same name. Since the beginning, its main purpose was to supply educational tools in order to improve the library facilities of public schools. It has an annual budget of R\$22 million for this initiative.

The example of Belgo Mineira, a mining company, presents the other philanthropic approach. Founded in the 1930s, this firm sponsors many public services in the city of Joao Monlevade in the state of Minas Gerais. Philanthropic actions were initially oriented to respond to spontaneous community demands. In 1997 the company decided to modify this traditional approach. It conducted a survey to identify the community's needs and expectations. It also analysed different NGO initiatives in order to define its own social vocations. The new policy is adjusted to long-term projects such as the psychological health of workers and their families, educational quality in 16 municipal schools, and the municipality's environmental programme.<sup>77</sup>

---

<sup>72</sup> The pulp company Aracruz declared spending more than R\$1 million on educational programmes for children in poor communities. The textile company Companhia Industrial Cataguases donated more than R\$600,000 toward computer programmes for children in public schools. The food company Sadia spent more than R\$1 million supporting elementary schools in order to reduce the rate of illiteracy (60 per cent) and sponsored an educational television channel (*Exame* 2000).

<sup>73</sup> Unibanco declared having spent more than R\$400,000 sponsoring the National Muscular Dystrophy Association. Avon sponsored the Secretary of Health campaign against AIDS and performed a cancer prevention campaign among its women workers. Also, not declaring the total amount, Volkswagen organized programmes for people infected by AIDS, for the disabled children's association, and for surgical tool production (*Exame* 2000).

<sup>74</sup> Grupo Orsa paper factories spent R\$70,000 on three programmes to produce information documents, to educate workers and to support public schools. Henkel, a German chemical company, sponsored a prize for corporate environmental initiatives of firms and NGOs. The company Fersol executed a local recycling programme among its workers and their relatives. Odelbrecht, a building company, supported six educational programmes for workers that built the hydro-electrical power plants and for students in public schools. It also sponsored the production of recycled trash bags and soil rehabilitation (*Exame* 2000).

<sup>75</sup> These cases were selected by the magazine *Exame* (2000) as the best examples of corporate social practices among the participants in the contest.

<sup>76</sup> The programme areas of the Fundação Banco do Brasil include literacy, children's athletics and training courses for workers (*Exame* 2000).

<sup>77</sup> According to *Exame* (2000), the company has spent more than \$156 million on environmental preservation since 1989.

Natura, one of the largest Brazilian cosmetics companies, has also promoted social investment. In the 1990s, it opted for strategic philanthropy in educational programmes for children and adults. In 1998, it expanded its programmes, set up a social action department in its factory, and formed programmes for small businesses and co-operatives in poor districts. Natura's main social programme in 2000 was to create a special cosmetic line named Ekos, which is connected with a social programme for its small suppliers located in the states of Amazonia, Pará, and Rondônia. It also co-ordinates more than 10 other programmes sponsored by its shareholders, who contribute 10 per cent of their profits.<sup>78</sup>

At the end of the 1990s, social responsibility practices, such as a firm's social programme, became a public issue for a number of institutions. Little is known, however, about the scale and impacts of these initiatives. How much does the private sector contribute to the promotion of social actions? How much variation is there at regional and local levels? Who are the direct beneficiaries? Further research needs to be undertaken to construct a better understanding of these activities.

Regarding quantitative aspects, studies by the Instituto de Pesquisa Econômica Aplicada (IPEA) reveal that corporate social donations totalled R\$4 billion in 1998.<sup>79</sup> These data also reveal significant variations in community investment by size of firm. Large firms (more than 500 employees) seem to be more likely to engage in this activity in all regions: 91 per cent of all large firms in Brazil made investments in the community. For small firms (10 or fewer employees), 61 per cent of those in the southeast, 55 per cent in the northeast and 41 per cent in the south support community investment.

Among the type of programmes receiving private sector support, the IPEA research demonstrates different regional trends. For all regions, social care and food programmes are the most important. In the south, firms mainly support sport, education and literacy programmes, with some support also for initiatives against urban violence. Cultural programmes are most prevalent among northeastern firms.<sup>80</sup> Considering the beneficiary population, the national poll found that companies focus programmes on children and poor families. Programmes specifically targeting women are the least likely.<sup>81</sup>

This research is the first poll made in Brazil with such a broad scope. Importantly, it also provides the first quantitative picture of the number of firms with no involvement or no institutional budget for socially responsible spending. Firms that do not engage in any specific social action represent 16 per cent (70,000) of the total number of firms in the southeast. In the northeast, these firms number 17,000 or 19 per cent of the total. In the south, more than a third of the firms (34 per cent or 56,000 firms) are not engaged, that is, almost two times higher than the rates in the other two regions.

#### Environmental practices of companies

Brazilian businesspeople tend to have their own interpretation of the concept of sustainability. What has to be sustainable is business development; addressing environmental concerns can improve both the productivity and the image of companies. From this perspective, the final decision about the quality or the intensity of companies' commitment to environmental issues rests with the market. Businesspeople believe that environmental conservation is not sustainable without economic profit. In other words, any environmental action that does not maintain itself economically is not sustainable.

---

<sup>78</sup> This example is part of 10 cases described in Exame (2000), *Guia da Boa Cidadania Corporativa*.

<sup>79</sup> IPEA's research covers almost all regions except, until 2001, the north. As a percentage of gross domestic product (GDP), regional variations in social donations are as follows: southeastern 0.6 per cent, northeastern 0.2 per cent, and south 0.2 per cent.

<sup>80</sup> More specifically, the top three areas of interest for firms in the southeast are: social care, food programmes, and programmes against urban violence. The second and third areas of concern for firms in the northeast are food programmes followed by cultural sponsoring.

<sup>81</sup> Northeastern firms focus social care principally on children, while the southeastern companies focus their programmes on children, families and disabled people.

Some use the term “R-Ambientário” to summarize environmental responsibility.<sup>82</sup> That is: revalorization (to reduce superfluous consumption), rationalization (to work in a team), reconditioning (to reuse spare parts), recycling (to transform wastes into sub-products), and relating to the community (to create relationships with schools, hospitals, associations and municipal authorities). R-Ambientário thus involves two dimensions: social organization and the organization of production. Although these two dimensions are interdependent, they must be separated for a deeper analysis.

Regarding corporate social organization, some emphasize that investment in technology is not enough; it is crucial to involve employees in the processes of change through environmental education programmes. Generally, such programmes begin by examining employees’ current perceptions about the environment, and seek to identify possible misconceptions that must be corrected. In Brazil such programmes adopt a model called *despertar* (awakening) and begin with simple practical experiments that show the difference between polluted and clean environments. They conclude with reflections about how specific tasks within a firm affect the environment.

Frequently, corporate environmental projects are carried out in connection with an education programme and in agreement with NGOs or public institutions. For example, the recycling project by Mill Group<sup>83</sup>, a supermarket company, is carried out jointly with the Serviço Brasileiro de Apoio às Micro e Pequenas Empresas (SEBRAE)<sup>84</sup> through a series of meetings involving 2,000 employees. The purpose of these gatherings is to create a consciousness (and conscience) about waste disposal. In this case, the most difficult task is convincing people to separate their trash at home. The White Martins<sup>85</sup> company combined its environmental programme with different educational initiatives. It celebrates Earth Day, Tree Day, World Environmental Day, and promotes conferences at primary schools under the Green Wait Program. The company invites students to visit the plant to explain the process of production. It shows them a polluted area and a restored area, discussing the differences and importance of living in a healthy environment. At the time the research was carried out, Glaxo Wellcome organized competitions about the environment and security issues for the children of its employees.

At the heart of environmental education policy exists the conviction that people who are educated on environmental issues bring various advantages to their firm. For example, these employees avoid using excessive raw materials, they reduce waste, conserve equipment, understand the demand for environmentally friendly products from clients, inform the community about the environmental efforts of the company, re-educate their relatives and friends, and feel proud to work for the company. Therefore, from the viewpoint of business, environmental education is a fundamental part of an environmental management policy. In addition, entrepreneurs think that sustainable development leads to a greater sense of citizenship among workers, because it introduces more disciplined behaviour, develops civilized working relationships (employees, for example, are more likely to greet one another), shows that the public spaces belong to everybody, and stimulates individuals to think globally and act locally (concretely, to keep the work-site clean).

---

<sup>82</sup> Conference of Robson de Almeida Mello e Silva, Manager of Environment of the Companhia Siderúrgica Tubarão (Petrobras 1999). This is akin to an “environmental spelling book” and is similar to Apple and Hewlett Packard’s programme named R<sup>3</sup>P<sup>2</sup> (Reduction, Reuse and Recycling of Protective Packaging) mentioned by Kinlaw (1993).

<sup>83</sup> Mill Group has more than 3,000 employees in Três Rios (a small town in the state of Rio de Janeiro). The core activities of this group centre on a network of supermarkets in the region. All other investments have arisen from supermarket activities. Nowadays Mill Group also operates in different industrial sectors. Since 1988, it owns a roasting coffee factory whose product is sold by its supermarkets; in 1993 it founded a building firm in order to attend to its building needs. It also owns: 4 building implement stores, a quarry to extract stone for its building firm; a transportation firm, and different food factories, that produce ice cream, pasta, beverages and mineral water.

<sup>84</sup> Established in 1990, SEBRAE is a private non-profit entity supported by compulsory contributions. Companies pay the Instituto Nacional de Seguridade Social 0.3 per cent of their total salaries and then the institute gives 60 per cent of that to SEBRAE.

<sup>85</sup> White Martins was founded in the beginning of the last century. It was a Brazilian company until 1947, when it was bought by the American Union Carbide Corporation. In 1976 it adopted a programme for environmental management, investing in new technology for eliminating pollution in the atmosphere and water. Nowadays it is a global company operating in 40 countries on all continents and owning 190 units in different regions of Brazil. It produces industrial gases and gas for medical use.

Regarding the organization of production, the potential economic advantages that result from environmental practices are of primary concern. The prefix “eco” and the adjective “sustainable” are easily and quickly adapted to traditional economic concepts. The concepts “eco-compatible production”, “eco-efficiency”, “eco-business”, and even “sustainable performance” (in order for a company to be environmentally correct and remain in the market) are currently adopted in the Brazilian business discourse. The managers of some companies in Brazil provide examples of profitable environmentally responsible actions: investment in environmental technology that reduces solid, liquid or gaseous emissions; waste recycling (now called “sub-products”); water recycling; burning wastes to produce energy for the factory (or for sale); organizing teams specializing in environmental management systems; creating positions for environmental consultants who inspect the production process and supervise employee education; creating laboratories to monitor pollution in the water, air and soil; establishing environmental management routines, such as daily inspections, weekly bulletins, monthly meetings and biannual internal audits; instituting periodic audits that help to determine current performance levels, current and future risks, opportunities for improvement; and maintaining records of long-term performance.

The Competitiveness Report of Brazilian Industry (CNI 2001) refers to research conducted in 2000 that looks at the situation in 1998 and 1999 of 1,158 firms. These included 955 small firms, 108 medium and 95 large firms. The average investment in environment declared by firms was 0.7 per cent of their net income in 1998, and 0.8 in 1999. In 1999, while the smallest spent 0.6 per cent, the largest spent 0.9 per cent. Over half (57.5 per cent) of the small firms did not undertake any environmental investment, but only 5.3 per cent of the largest firms were in the same category. Regarding the most relevant results of their environmental investment, 60 per cent of firms stated that they obtained a better market image, 25 per cent reported that they increased or expanded their business, and 30 per cent said that their costs went up. The assessment of results depends on the firm’s dimensions: while 41 per cent of small firms did not perceive any gain, only 4.4 per cent of the biggest firms perceived this to be the case. The declared motivations for environmental investment were to respect the law for 62.4 per cent of firms, to seek a better market image for 61.2 per cent, and to access new markets for 25 per cent.

One of the most visible aspects of corporate environmental responsibility is the International Organization for Standardization (ISO) 14001 certification. After a relatively slow start in the mid 1990s, ISO certification expanded considerably in the early years of the subsequent decade (see table 4).<sup>86</sup> The rate of increase of certified companies is considered an “unstoppable greening of business process”.<sup>87</sup> Expectations have sometimes outpaced actual practice. In 1999, the Confederação Nacional da Indústria (CNI) optimistically predicted that around 500 companies in Brazil would have ISO 14001 certification in 2000. The ISO Web site reported that by the end of 2000, 330 certificates had been awarded in Brazil. In 2002, however, there was a sharp increase with 900 entities having been certified by the end of the year (ISO 2003).

---

<sup>86</sup> The ISO 14000 series, which is promoted by the International Organization for Standardization, consists of a group of standards and guidelines relating to environmental management (see [www.iso.ch](http://www.iso.ch)).

<sup>87</sup> Conference of Fernando Almeida, Vice-President of the CEBDS, FIEMG, 1999.

**Table 4: Growth in ISO 14001 certifications, 1995–2002** (*selected countries*)

Country	1995	1996	1997	1998	1999	2000	2001	2002
India	1	2	28	40	111	257	400	605
South Africa			21	30	82	126	169	264
Brazil	2	6	63	88	165	330	350	900
Peru				4	7	13	15	25
Mexico		2	11	39	63	159	254	369
Philippines		1	11	27	39	46	120	124
<b>World total</b>	<b>257</b>	<b>1,491</b>	<b>4,433</b>	<b>7,887</b>	<b>14,106</b>	<b>22,897</b>	<b>36,765</b>	<b>49,462</b>

Source: ISO (2003).

Brazilian businesses admit that international certification expands the company's market, increases corporate image, and also facilitates growth of production.<sup>88</sup> But they criticize the rigid obligations of environmental correctness that certification imposes on all parties involved in business linkages. They argue that the rules create many problems for business operations and relationships. In addition, the application for international environmental certification requires a substantial amount of preparation on the part of the company and is quite costly. Therefore, it is generally only companies that operate in international markets that seek this kind of certification and, for these companies, certification has become more compulsory than voluntary because of pressures imposed by the international market.<sup>89</sup>

For example, the White Martins company has ISO 14001 certification for its factory located in Camaçari (in the state of Bahia) and is preparing to obtain certification for its operations in Cubatão. The manager interviewed argued that the company can demand that its suppliers be environmentally correct, but it cannot do the same for its clients. According to the manager, the request to be environmentally correct would have to come from clients. In the Mill Group, none of the firms have ISO 14001 certification. According to the manager interviewed, in order to do so, it would be necessary to hire specialized technicians and this would increase company costs. The company has not felt the pressure for international certification because, so far, its market has been national and it has not been a relevant issue for its clients. Since, in the near future, the company is planning to export beverages, mineral water, coffee and pasta, it is preparing for certification in case a client demands it.

The national oil company Petrobras could be considered a leader in CER. It organizes an annual congress (Simpósio sobre Recursos Naturais e Meio Ambiente/SENAMA), supports many events in favour of the environment and has obtained ISO 14001 certification in several of its divisions. In spite of these initiatives, it could not avoid a series of environmental disasters in 2000 and 2001, in which considerable quantities of oil spilled into the sea and areas surrounding its refineries.

The organizations that certify companies are frequently located in Rio de Janeiro. The organization that has issued the highest number of certificates is BVQI do Brasil Sociedade Certificadora Ltda (see table 5). The Brazilian states that have the most companies certified are São Paulo and Minas Gerais (see table 6). The majority of companies certified are in the chemical, automobile, electronic, petrochemical, services, mining and textile sectors (see table 7).

<sup>88</sup> The CONAMA's (Conselho Nacional do Meio Ambiente) resolution No. 237 of 1997 speeds up the granting of licenses to companies that have ISO 14001 certification.

<sup>89</sup> Commentary from CEOs interviewed.

**Table 5: Organizations that certified companies**

<b>Name of organization</b>	<b>No. of certified companies</b>
In the state of Rio de Janeiro:	
• ABNT (Associação Brasileira de Normas Técnicas)	3
• BRTUV (Avaliação de Qualidade Ltda. S/C	17
• BVQI do Brasil Sociedade Certificadora Ltda.	119
• DNV Certificadora Ltda.	50
In the state of Paraná:	
• TECPAR (Instituto de Tecnologia do Paraná)	1
In the state of São Paulo:	
• ABS Quality of Evaluation Inc.	40
• DQS (Deutsche Gesellschaft zur Zertifizierung von Managementsystemen	11
• FCAV (Fundação Carlos Alberto Vanzolini)	27
• LRQA (Lloyd's Register Quality Assurance)	9
• SGS-ICS Certificadora Ltda.	7
• UL Underwriters Laboratories Inc.—UL do Brasil Ltda.	—
Others:	
• BSI	4
• KPMG	1

**Source:** "Certificação ISO 14001", Instituto Nacional de Metrologia Normalização e Qualidade Industrial-INMETRO. Report received in the interview with CEBDS, Rio de Janeiro, October 2001.

**Table 6: ISO 14001 certified companies in Brazil, by state and sector**

State	Sectors	Total
São Paulo	23 Chemical 22 Automobile 18 Electro-electronic 13 Services 6 Mechanic 5 Petrochemical 4 Pharmaceutical 3 Electro-mechanic 3 Textile 3 Beverages 3 Reforestation 3 Telecommunications 3 Food 3 Rubber 2 Hospital 2 Glasses 2 Waste management 2 Iron and Steel 2 Metallurgical 1 Entertainment 1 Information 1 Photography 1 Plastic 1 Lubricant 1 Laboratory 1 Paper 1 Packing 1 Personal hygiene	131
Minas Gerais	11 Mining 5 Automobile 3 Chemical 3 Iron and Steel 2 Food 2 Electro-electronic 2 Metallurgic 2 Electric energy 1 Services 1 Mechanic 1 Reforestation 1 Beverages 1 Measuring equipment 1 Fuels 1 Piping	37
Rio Grande do Sul	5 Petrochemical 2 Automobile 2 Mechanic 1 Electro-electronic 1 Chemical 1 Paper 1 Leather and Shoes 1 Veterinary 1 Food 1 Beverages 1 Furniture 1 Graphic 1 Services	19
Amazonas	8 Electronic 3 Motorcycles 2 Optical 2 Photographic 2 Petrochemical 1 Food 1 Engineering	19
Rio de Janeiro	4 Petrochemical 2 Chemical 2 Building 1 Automobile 1 Electro-mechanic 1 Metallurgic 1 Services 1 Ship 1 Waste management 1 Piping 1 Services	16
Bahia	5 Petrochemical 3 Chemical 2 Paper 1 Metallurgic 1 Electro-mechanic 1 Waste management 1 Building	14
Paraná	2 Waste Management 2 Petrol 2 Services 1 Automobile 1 Chemical 1 Electro-electronic 1 Energy 1 Piping 1 Paper 1 Beverage	13
Santa Catarina	3 Textile 2 Reforestation 2 Building 1 Aluminium 1 Petrochemical Mining 1 Electro-mechanic 1 Furniture 1 Food	12
Ceará	4 Cotton fibre	4
Espírito Santo	2 Paper 1 Chemical 1 Petrol	4
Pará	1 Iron and Steel 1 Mining 1 Petrol 1 Reforestation	4
Pernambuco	2 Petrochemical 1 Electro-electronic 1 Telecommunication	4
Sergipe	1 Petrol 1 Textile	2
Goias	1 Services 1 Mining	2
Alagoas	1 Waste Management 1 Chemical	2
Rio Grande do Norte	1 Petrol	1
Brasília	1 Electro-electronic	1
<b>Total</b>		<b>285</b>

**Source:** "Certificação ISO 14001", INMETRO. Report received in the interview with CEBDS, Rio de Janeiro, October 2001.

**Table 7: ISO 14001 certified companies  
in Brazil, by sector**

Sector	Certified companies
Chemical	37
Automobile	32
Electro-electronic	33
Petrochemical	22
Services	21
Mining	14
Textile	11
Mechanic	9
Food	8
Paper	7
Reforestation	7
Waste management	7
Others (33)	122

**Source:** "Certificação ISO 14001", INMETRO. Report received in the interview with CEBDS, Rio de Janeiro, October, 2001.

#### Social investment of business associations

Nationwide research among business associations was conducted in 1999 by a team of university sociologists (including the authors) and the Brazilian research and advocacy NGO, IBASE. This collaborative effort sought to map the involvement of business associations, which are influential in shaping business attitudes. Researchers first identified the institutional context that could improve firms' willingness to introduce social initiatives.<sup>90</sup> That is, the idea was to understand the diversity of reasons—or "drivers"—that could motivate changes in corporate ideology, culture and consciousness about social responsibility.

The business associations, the collective social actor on the side of management, have extended some of their functions and roles in the past two decades. These changes occurred in tandem with economic liberalization and structural reforms. Globalization has stimulated managers and companies to rethink models of production, management styles and forms of institutional regulation. Currently, and as a result of the demands from managers, the associations aim to influence public policies: monetary, fiscal, labour, industrial, foreign trade, communication, environment, scientific research, etc. The associations are involved in political decision making, affecting the creation of government proposals, including policies pertinent to the sphere of industrial relations and the processes of negotiation between trade unions and employers. In this sense, several authors already see them as "intermediating structures between social groups and public authorities", precisely because of the links they maintain, both internally and externally, with the business world (see Levaggi 1999; Martinelli 1994).

The research attempted to characterize the ways in which associations assume the task of mediating change in corporate culture, their role in promoting debate about how companies should be managed in relation to both economic and social performance, and the extent to which business associations support the social initiatives of individual firms.

<sup>90</sup> Here we summarize some of the results of the study *Organizações Empresariais face à Responsabilidade Social das Empresas no Brasil*, UFRJ/PPGSA, which was supported in part by IBASE and the Ford Foundation. The data refer to 58 entities including Brazilian business associations, employers and trade unions. We thank Aline Trigueiro Vicente, Cristina Nobrega and Keyla Oliveira who integrated the team. See Cappellin et al. (2001).

The survey included three representative groups of business interests: organizations from the state corporatist structure (that is, the Federation of Industry);<sup>91</sup> the voluntary sectoral associations;<sup>92</sup> and what are known as the associations of elective, philosophical and cultural affinities.<sup>93</sup> In total more than 60 entities were contacted, of which 58 provided information.<sup>94</sup> For the sake of simplicity, these different types of business organizations will be referred to hereafter as corporatist, voluntary and multipurpose associations.

Three basic elements were chosen for showing the scope of attitudes and social practices. The first element involves the recognition that dealing with social questions is pertinent for the governance and goals of the business associations. Second, it connects the business organizations' willingness to allocate resources (material and financial, or in terms of knowledge and organizational expertise) to perform social interventions. Finally, according to the stakeholder approach, it is important to perceive how these entities try to involve not only companies but also other social actors. The choices of these actors and the established agreements express the quality of connections that business entities seek with society. Using these elements, it is possible draw up a typology that combines discursive and institutional aspects affecting corporate social actions.

### *Co-operative actions*

Among the associations, 22 per cent promote co-operative actions that engage member firms to solve urgent social problems affecting their performance. Above all, the associations are willing to act and to allocate resources together with public agencies – whether local, state or national – to implement social investment programmes. The choice of content goes in two directions. The corporatist organizations (in building and construction, the metallurgic and petrochemical sectors) began to perform programmes that prioritize the reduction of work injury and illiteracy in the 1990s.<sup>95</sup> Due to the pragmatic evaluation of the serious impact and consequences on efficiency and productivity, these associations designed and organized social investment on the shop floor. Since 1994, the sectoral and multipurpose associations have encouraged their members to support social programmes outside the factories that focus on improving basic public education programmes or projects for children in poor areas.<sup>96</sup> The firms involved (mainly international factories) generally act as sponsors, leaving the responsibility of managing the social care programmes to the associations. The multipurpose associations are involved in promoting conferences, debates and meetings with the purpose of raising the awareness of firms about the local social agenda.<sup>97</sup>

### *Combining ethics and economics*

Among those surveyed, only 9 per cent of associations propose educational activities aimed at encouraging managers to re-examine the contribution of moral and ethical principles to economic performance and to respect for the law. Primarily, it is the multipurpose associations that have organized for this purpose since the 1970s. Concepts such as social management, social responsi-

---

<sup>91</sup> The state corporatist structures were formed before 1930 and were consolidated in the period between 1931 and 1965, at the same time as workers' trade unions.

<sup>92</sup> In this group there are many types of associations that defend the interests of their respective economic sectors. In Brazil this type of institutional representation often historically preceded the system of corporatist representation.

<sup>93</sup> The associations of elective, philosophical and cultural affinities have a voluntary membership and play a role in promoting actions in the business world that are not exclusively economic. In this group there are, among others, the Câmaras de Comércio, Associação de Dirigentes Cristãos, Institutos de Estudos Empresariais, Associação de Gionens Empresários and Associação das Mulheres de Negócios. These institutions date from the beginning of the century, with a small increase in their number after 1980.

<sup>94</sup> Deniz (1993) refers to this multipolar structure of representation.

<sup>95</sup> As examples of these initiatives, the Sindicato da Indústria da Construção Civil do Rio de Janeiro has the programme To Teach to Read Is to Construct, the Federação da Indústria de São Paulo has the Campaign for the Prevention of Work Injury. The Secretaria Nacional do Trabalho and the Serviço Social da Indústria (SESI) are part of national agencies as are other local agencies.

<sup>96</sup> Examples include the Quality in Education Program promoted by the Amcham in Rio de Janeiro and São Paulo in co-operation with the Municipal Education Secretary, and sponsored by international companies; programmes promoted by the ABRINQ Foundation (toy industry) that focus on children, such as the Fight against Dehydration, the Vaccination Campaign and Mayor Friend of Children. In this poll only the Associação Comercial de Minas Gerais organizes, with the Department of the Environment and IBAMA, activities involving environmental preservation.

<sup>97</sup> For example, there is the Association of Young Entrepreneurs of Ceará which, since 1989, has started a municipal weekly meeting, Co-operation Pact, debating local and regional social issues.

bility or employer citizenship reflect the explicit purpose of reaffirming the centrality of the company as an actor capable of taking up the challenge of strategically combining economic performance, ethical and social commitment. Various educational activities have been undertaken to encourage new positions among managers, such as the increase of enforcement of laws, regulation and policies that internalize fundamental moral principles.

#### *Public safety*

Some of the associations surveyed, 10 per cent, focused on violence as a problem that affects the relation between the firm and society. Improving the security system is seen as very important because entrepreneurs' and managers' lives may be at risk as well as the firm's property and, at times, violence inhibits the proper functioning of firms. Nationally, according to Kanitz e Associados, the 500 largest Brazilian firms spent R\$2.8 billion on security for property and managers (see Vassallo 1998:27). Consequently, associations are willing to act in relation to public safety by allocating resources and expertise. Many different ways of intervening have been proposed. Leaving aside initiatives involving private self-defence, there are strategies that consider this problem in a broader context that includes social causes of violence and/or supports more collective or institutional policies. Since 1993, a few of the multipurpose associations and the corporatist organization have acted in alliance with local and national institutions and NGOs on this issue.<sup>98</sup>

#### *Medium and long-term aims*

Some business associations in the poll (10 per cent) prioritized issues of unemployment and professional training, racial discrimination in the workplace, and the struggle against child labour as key themes of their institutional social investment. These themes are perceived as socially relevant, but not grounds for significant technological reorganization, changes in human resource policies, or factory restructuring. Nonetheless, the association leaders—primarily those in the agriculture, food, building, toy and shoe sectors—stress the seriousness of these concerns. They are urgent because they reflect a multiplicity of problems that operate both internally and externally to the firm's environment. However, according to leaders, these issues demand a complex response. The solutions cannot be found in partial or short-term measures, but only through medium- and long-term initiatives in which the concerns of firms should be seen as part of a broader approach involving other actors.

Several associations, including the corporatist and voluntary associations, have undertaken activities in the last few years that address these themes. They have attempted to reinforce their mediation role in relation to companies/employers and state agencies. In a few cases, the proposals interact with trade unions, due to tripartite agreements.

A well-known case that received considerable media attention was the national drive against child labour promoted by the ABRINQ Foundation through the implementation of the programme Empresa Amiga das Crianças. Drawing on the ILO's 138th Convention and recommendations of UNICEF, various actions have been undertaken since 1996. Due to this network, different sectoral pacts have been created. In 1996 alcoholic beverage firms, citrus growers, automobile companies and shoe producers all signed an agreement. In these cases, the National Departments of Labour, Justice and Industry were also involved.

Actions against racial discrimination are another example of this type of social investment, but fewer business associations are involved. In 1999, the Federação das Indústrias do Estado de São Paulo (FIESP) signed a declaration with the Instituto Sindical Interamericano pela

---

<sup>98</sup> Examples include the following: among the 19 employer-councils of the Commercial Association of Rio de Janeiro, one is specifically concerned with public security. This institution, between 1993 and 1997, ran the programme My Neighbourhood, My Police Station, which re-equipped 34 local police stations. It also sent to the public authorities (the president, Congress and the judiciary) a document suggesting the reformulation of the curriculum of the police academy school. The FIRJAN has contributed, since its foundation in 1993, to various initiatives against violence promoted by the Viva Rio Movement. Another regional example is the programme performed by the Federação dos Empresários do Rio Grande do Sul (FEDERASUL). The programme Pescar (Fishing) for the professional education of young people in situations of risk, is based on the idea that professionalization contributes to reducing the risks of social marginalization.

Igualdade Racial (INSPIR) (part of the network of the national trade union association, Central Única dos Trabalhadores/CUT) to introduce an anti-discrimination campaign in the workplace.

In order to expand the workforce in the building and construction industry, the campaign Building Is the Solution was initiated in 2000. The association of building firms—SINDUSCON—through its social and labour policy representative, is one of the members of a network promoted by the Câmara Brasileiro da Indústria da Construção (CBIC). This is a national movement of employers and workers that, according to its founding declaration, proposes to unite forces around a national agenda of action aimed at employment generation policies, through the provision of housing and infrastructure. The initiative was justified due to the serious situation of the growing unemployment rate and the deteriorating quality of life of the population.

The poll found that these business groups, representing 51 per cent of all interviewed associations, prioritize different sets of social concerns, and therefore engage in different types of social care programmes and social investment. Moreover, these programmes are undertaken in order to respond to the practical requests made by firms, particularly in the states of Rio de Janeiro, São Paulo and Minas Gerais.

The poll also shows that there are business associations that do not prioritize social issues on their institutional agendas. Of the associations surveyed, 49 per cent gave the following justifications in order to explain their lack of involvement in stimulating any collective social programmes.

**1. The priority is economic**

Some business associations (20 per cent of those surveyed) are convinced that enterprises have primarily economic aims, which are currently being challenged by problems of international and regional adjustment. Their actions seek to prioritize, in a time of crisis, the re-establishment of sectoral competition, before undertaking any involvement, action or investment external to their economic mission. The preoccupation with promoting enterprise efficacy and efficiency is placed above any actions in the social and environmental sphere. For some business associations, initiatives in the social area involve additional costs to enterprises; consequently, they are to be avoided, or postponed, until the sector in crisis has once again achieved equilibrium. Among the entities that tend to adopt this attitude are those of the corporatist and voluntary associations involved in agriculture, services and manufacturing sectors such as textile, footwear and clothing, primarily in Ceará and Rio Grande do Sul, and to a lesser extent in São Paulo, Minas Gerais and Rio de Janeiro.

**2. A personal option among managers**

The poll also registered associations (17 per cent) that do not intend to intervene in CSR issues as an institutional group. Rather the directors highlighted the initiatives and individual programmes of their member companies, which have traditionally taken initiatives internally and externally to their firms. These practices are often cited as “personal options by business managers”. They are managers or owners who are individually engaged in philanthropic activities, operating with local agencies, responding to the demands of local communities (such as poor neighbourhoods). Some association directors consider that the adoption of initiatives aimed at the co-ordination and/or creation of proposals for institutional action by the association itself could have the effect of inhibiting individual actions already under way. Instead of stimulating CSR, such institutional actions could have the opposite effect. This lack of institutional social interest is balanced by the initiatives of important national and international firms in different states, for example, those in the Associação dos Supermercados of Rio de Janeiro and Minas Gerais, the Federação da Indústria of Rio Grande do Sul, the Associação dos Dirigentes Cristãos of Minas Gerais, the Câmara de Comércio Brasil-Argentina and the Associação dos Bancos of Ceará.<sup>99</sup>

<sup>99</sup> FEBRABAN adopts this position. Many banks already have their own projects under way, often through foundations. For example, Bradesco Bank has set up its own foundation that provides schools for the families of employees, involving more than 98,000 children. Itaú Bank operates a programme for the renovation of public schools, distributing educational material for the training of

### 3. When there are positive externalities

Other attitudes restrain social initiatives by business associations. Several association directors (12 per cent of those interviewed) stated that they have established a clear separation between public and private social responsibility. For them, the promotion of education and health is the responsibility of the state and not of companies, which they regard solely as economic agents. Even when they agree with the idea that increases in education levels are important determinants of efficiency and productivity, there is an expectation that the state will fulfil its obligation to provide basic public education. According to these associations, their involvement in debates about health and education is to show how such actions result in positive externalities and comparative advantages for organizational goals. The only factor mentioned as an important public commitment, relevant to business objectives, was the preservation of the environment, which, as a consequence, should be a part of the associations' agenda.<sup>100</sup>

The business network GIFE conducted a poll in 1999 about business attitudes toward social goals.<sup>101</sup> The purpose of this research was to outline the role of employees' volunteer work related to social issues. The poll showed some differences among private and state firms. Employees in commercial businesses were more likely to engage in volunteer work than those in the industrial sector, while multinational and state firms had equal levels of volunteer work performance.

Forty-eight per cent of the companies that responded indicated that their employees carried out volunteer work, but only 17 per cent of firms (international, national or state) tolerated this practice during working hours. Volunteer work is more frequent in foreign corporations (25 per cent), but it is also increasing among the state firms (13 per cent).<sup>102</sup> In addition, the research shows that more than 36 per cent of the respondent companies, above all multinationals, prefer to make charity or equipment donations, and 21 per cent organize programmes without intermediaries and usually through their commercial sector. These programmes are targeted more at children than families, women or disabled people.

The above analysis suggests that CSR in Brazil must be linked historically to the diffusion of certain values and ethical principles related to the democratization process in the 1980s. In this context, business groups and managers, more than individual companies, are engaged in CSR initiatives in the light of concerns about economic development. But their engagement has not taken a uniform direction. Various types of social initiatives and collaborative arrangements with local state agencies and philanthropic groups exist. Traditionally, CSR activities centred on donations or social actions for communities where the firm was located. That is, business associations and companies focused their social attentions outside their walls. However, in the context of corporate restructuring, companies directed more attention to social investments, for example, improving workers' skills in order to accomplish technological modernization in the workplace, particularly in metallurgical, chemical, building and textile sectors. Social investments related to employees had the principle goal of increasing productivity. At the same time such actions could reduce traditional problems on the Brazilian shop floor, such as injury, illiteracy, poor health, absenteeism and workers' weak identification with company goals.

---

teachers. Also, according to the Associação Comercial of São Paulo, several of its members have supported the project Campi, which is concerned with training and accompanying the insertion of young people in the labour market and supervising their performance.

<sup>100</sup> This group includes the Associação dos Jovens Empresários of Minas Gerais, Rio Grande do Sul and Rio de Janeiro; the Instituto Liberal and the Instituto de Estudos Empresariais of Rio Grande do Sul; and the Instituto Liberal of Rio de Janeiro.

<sup>101</sup> The research was carried out by GIFE, Centro de Estudos em Administração do Terceiro Setor (CEATS/USP), and Centro de Integração Empresa-Escola (CIEE). It was sponsored by the Comunidade Solidária. A questionnaire was sent to more than 1,200 firms in 1999. Only 273 companies completed the questionnaire (GIFE/CEATS 1999).

<sup>102</sup> The research defines volunteer work as an important investment when the company formally institutionalizes this practice within its strategic actions, overcoming the individual approach (GIFE/CEATS 1999:27).

## II. Stakeholder Analysis

Since the late 1990s, business-society interaction has expanded in response to different stakeholder concerns and pressures, and the growing recognition among some firms and business associations that a stakeholder perspective is important. This is an innovative approach that suggests the private sector needs to be responsive to external entities (such as government institutions, individuals, social movements and associations) in order to improve internal performance.<sup>103</sup> The stakeholder model can function as an instrument for rethinking the management approach. Even though some Brazilian business associations have adopted this approach, firms do not generally use it as a framework for social programmes. Instead, the model of stakeholder relations is considered a useful tool by political leaders, NGOs, trade unions, consumers and the media. This approach has helped these actors to scrutinize the behaviour, beliefs and prospects of companies and to exert demands on them.

In this section we identify different pressures from Brazilian society on business, and we adopt Frooman's approach, which suggests various ways to identify stakeholders. According to this author, stakeholders are attributed one or more of the three following characteristics: (i) they have the power to influence the firm; (ii) they have legitimate relationships with the firm; and (iii) they can make urgent claims on the firm (Frooman 1999; see also Mitchell et al. 1997). In Brazil, powerful stakeholders include the Partido dos Trabalhadores (PT), NGOs, municipalities (local governments), trade unions, consumers, business magazines and the mass media, and shareholder associations.

The following "mapping" aims to offer insights into the complexities of the Brazilian case. The type of influence and resources used by stakeholders to compel firms to change their behaviour is very broad. It includes direct and indirect strategies involving various forms and mixes of collaboration and confrontation.

### *Civil society organizations*

Prominent civil society organizations, NGOs and trade unions exert considerable pressure and influence on the business community.

#### NGOs

In 2001, ABONG had 256 members, many of which are NGOs involved in education, community development and human rights.<sup>104</sup> Seventeen of them are specifically concerned with environmental issues. Among the most important NGOs with environmental interests are IBASE, Federação de Órgãos para Assistência Social e Educacional (FASE), Campanha Nacional de Defesa e pelo Desenvolvimento da Amazônia (CNDDA), Defensores da Terra, Assessoria e Serviços a Projetos em Agricultura Alternativa (AS-PTA) in Rio de Janeiro, Greenpeace in São Paulo, SOS Mata Atlântica, and Comunicação para o Meio Ambiente (CODAM).<sup>105</sup>

If one analyses business environmental discourse from the point of view of critical theory and ecological movements, one concludes that the concept of sustainability, which both businesspersons and ecologists often use, has different meanings.<sup>106</sup> In the early 1990s, conservation

<sup>103</sup> For more than a decade, the stakeholder literature (Freeman 1984) has considered that firms should be responsive to the concerns of a large group of entities such as institutions, individuals, movements, agencies and associations. Freeman's original definition of stakeholder was "any group or individual who can affect or is affected by the achievement of the organization's objectives" (1984:46). See also Mitchell et al. (1997), and Frooman (1999).

<sup>104</sup> These NGOs are distributed geographically as follows: 115 in the southeast; 83 in the northeast; 24 in the south; 19 in the centre-west; and 15 in the north of Brazil.

<sup>105</sup> SOS Mata Atlântica has 225 branches in the 17 states where the biome Mata Atlântica is located. This web endeavours to defend the forest and to promote bill no. 285/99 that aims to protect remaining forests. Several other environmental NGOs, which are not ABONG members, are acting in Brazil. For example: Greenpeace Brazil (São Paulo), WWF-Brazil (Brasília), Eco Brasil (Rio de Janeiro), Eco-Força Pesquisa e Desenvolvimento and Instituto Brasileiro para o Desenvolvimento Sustentável- Instituto 21 (Campinas) and Instituto de Permacultura da Bahia (Bahia).

<sup>106</sup> According to some environmentalists, what has to be sustainable is society and, because of that, the natural environment has to be kept clean and healthy, in order to improve the quality of life for present and future generations. Appropriate environmental policies have to spring democratically from dialogue, bargaining and compromise among different social groups. For many businesspersons,

groups (notably those that did not challenge existing institutions and did not focus on urban pollution) gained considerable support from business and media.<sup>107</sup>

Among those NGOs calling for more profound institutional change, IBASE is one of the most influential. It has implemented a programme of social audits (*balanço social*) since 1997 and promotes social reporting. This campaign has the potential to impact business. It is a result of a network created by IBASE involving public opinion leaders, including social movements, NGOs and professional associations.<sup>108</sup> This programme revitalizes a number of voluntary initiatives made since the 1980s by Brazilian firms. Nitrofértil (a state enterprise in Bahia) published one of the first social audits in 1984, System Telebras (a national telecommunications enterprise) has published social reports, and in 1993 Banespa (a state-owned bank in São Paulo) produced a social report (see Torres da Silva 2000). The model of the IBASE social audit combines two goals. First, it promotes transparency as an issue in public opinion. Second, it is a strategic tool that seeks to change the behaviour of firms. IBASE distributes an award—the “Betinho IBASE Social Audit” seal—to firms that follow its model. According to the IBASE report in 2000, participation has only slightly increased among the national companies in the different states of Brazil.<sup>109</sup> By 2002, 67 firms had published the IBASE audit and 102 firms had published social reports (see table 8).

---

environmentalism is an empty dream. For many environmentalists, business rhetoric is an instrument with which to lobby for their interests and clean up their image. For example, see: Daly (1994); Martinez Alier and Schlupmann (1991); Ehrenfeld (1992); McCormick (1992); Merchant (1992); Forum de ONGs Brasileiras (1992); O'Connor (1994); Dean (1995); Barbosa Cavalcanti (1999); Giuliani (1998a, 1998b, 2000, 2001).

<sup>107</sup> Garcia-Johnson (2000:33), communication with Eduardo Viola, and Karl Goldstein's unpublished dissertation. According to Garcia-Johnson, in Latin America, the number of environmental NGOs grew from about four dozen in 1979 to over 500 in 1993.

<sup>108</sup> IBASE's mission is to promote societal development and democracy, without misery, poverty, inequality, the negation of human rights or other forms of social exclusion. IBASE was established in 1981 by political exiles returning to the country, among them the sociologist Herbert de Souza, better known as Betinho. IBASE's initial goal was to democratize information. In the 1980s it engaged in advocacy, campaigns and monitoring of legislative processes and public policies (Campanha Nacional pela Reforma Agrária, 1983; the campaign Não Deixe sua Cor Passar em Branco, 1989; the Movimento pela Ética na Política, 1992; the Ação da Cidadania contra a Miséria e pela Vida, 1993; and the Movimento Viva Rio, 1994). See [www.ibase.org.br](http://www.ibase.org.br).

<sup>109</sup> In the 2000 report, 40 firms filled out the IBASE social audit. According to the report, these companies have R\$124.3 billion in sales, around 10 per cent of Brazilian GDP. Most are traditional Brazilian companies in the industrial sector, such as Azaléia, Belgo-Mineira, Crecisa, Inepar, Marisol, SAR, Usiminas, Votorantim Papel e Celulose, Vale do Rio Doce, Mineração Brasileiras Reunidas-MBR; in the electricity sector (Light and Eletrobrás Group); in the financial sector (Banco do Brasil, Banco Itaú e CEF); Alternex, Brasil Telecom, Grupo Pão de Açúcar, Segenor; and two pension funds (Petros e Previ). During the 2001 national social audit campaign that introduced changes to the model, almost 45 firms participated (interview conducted with IBASE co-ordinators, November 2001).

**Table 8: IBASE Social Audits and Social Reports in Brazil, by sector**

Sectors	Certified companies	
	Audits	Social reports
Automobile	0	6
Chemical and petrochemical	6	14
Communication	4	6
Electro-electronic and informatic	0	6
Financial	6	11
Mechanical and metallurgic	5	8
Mining	2	8
Food	3	3
Paper	1	3
Services	34	15
Textile	0	1
Transportation	0	4
Other	6	17
<b>Total</b>	<b>67</b>	<b>102</b>

**Source:** Social audits and social reports by IBASE. Report received in the interview, Rio de Janeiro, November 2001, and updated in March 2002.

Participation of firms in these initiatives needs to be assessed carefully. The validity of the data is uncertain at times. According to the co-ordinators of the IBASE campaign, firms do not always provide all the information requested, and as a result it is sometimes difficult to evaluate the social contributions of firms.<sup>110</sup>

The dialogue between IBASE and firms has other potential results. The elaboration and the diffusion of the model have stimulated debates among professional associations that function inside professional networks (accountants, human resource specialists, social workers, psychologists and financial analysts). Indeed, the 2001 social audit model has increased the number and type of indicators it seeks. In the items describing employees, there are now questions about the ethnic origins and age of workers and the positions they hold, as well as the extent of recourse to outsourcing. In order to improve evaluation of the firm's ethical consciousness, questions pertaining to volunteer work programmes are also included, as well as the question of whether job security in the workplace is addressed on the basis of participation of management and workers. As a complementary activity, IBASE organized a workshop about the certification of labour conditions, workers' rights and SA8000. This meeting was organized with Social Accountability International (SAI) and the Social Responsibility Unit of FIRJAN in 2001.

IBASE's ability to attract the attention of firms can be traced to the work of its founder, Betinho. In 1992/1993, he organized the first national HIV/AIDS campaign among firms. Known as "A Solidariedade é Uma Grande Empresa"<sup>111</sup>, this campaign introduced social programmes especially oriented to protect workers with HIV/AIDS in several national and international firms. Building on this experience, IBASE has been able to maintain a strategic place in civil society activities that directly influence the behaviour of firms.

<sup>110</sup> For example, in 2000, of 40 firms responding to IBASE, only 12 provided information about the composition of their workforce, including gender balance. Additionally, firms did not differentiate between social and mandatory work rights (contractual) spending. For example, of the 40 firms, only seven provided data on daycare spending. Firms with more than 50 employees are required by law to either provide childcare or reimburse employees for daycare expenses (Sucupira 2000).

<sup>111</sup> In 1986, Betinho was one of the founders of the Associação Brasileira Interdisciplinar de Aids (ABIA), one of the first such institutions in Brazil (Câmara de Silva 1999).

While IBASE focuses primarily on social concerns, it is also involved in environmental issues. According to the director of its environment department,<sup>112</sup> IBASE became involved with environmental questions in 1991 and expanded its work in 1992 with support from the Heinrich Böll Foundation. IBASE links environmental issues to those of citizenship, human rights and democracy, and to both the trade union movement's demand for workers' health and security and the concerns of urban communities and slums. Urban communities and slums experience many environmental problems (space, sanitation, water, waste and noise) with which IBASE is involved by supporting the residents' associations and organizing groups that raise environmental awareness. With the support of the Heinrich Böll Foundation and the Brazilian oil corporation Petrobras, IBASE is also engaged in a plan to revitalize Paqueta Island, which was seriously affected by an oil spill caused by Petrobras in 1999 and 2000 in Guanabara Bay. The director considers that REDUC (Refinaria de Duque de Caxias), one of the Petrobras plants that is located on the periphery of Rio de Janeiro, is the most serious polluter in the region. At the same time, it is also the principal investor in social actions in the community, in order to try and make up for its environmental impacts.

IBASE participates in several networks: Forum 21 of Rio de Janeiro; and Projeto Brasil Sustentável e Democrático, linked to the Cone Sul Sustentável e Democrático, which includes Chile, Argentina, Uruguay, and Brazil; and collaborates with the Fundação Estadual de Engenharia do Meio Ambiente (FEEMA) in the management cost planning of Guanabara Bay.

FASE is an NGO engaged in several environmental programmes, the largest related to deforestation and reforestation. The NGO has been working with the forest certification programme of the Conselho Brasileiro de Manejo Florestal (Forest Stewardship Council)<sup>113</sup> Forest Management Committee, which deals with the forest code that defines the criteria for wood extraction and eucalyptus reforestation. FASE has also developed, in the states of Paraná and Mato Grosso, a household agriculture programme oriented toward ecological agriculture and fishing. Other local programmes involve working with community leaders to increase their capacity to exert demands on authorities to take action related to sanitation and a healthy environment.

At the national level, FASE participates in the programme Brasil Democrático e Sustentável through publications and promoting debates. In the opinion of the co-ordinator of this programme,<sup>114</sup> the biggest environmental problems derive from the Brazilian industrial model, which did not control for waste. The agricultural model is also to blame. It was based on Green Revolution principles, that is, the extensive use of chemical pesticides that have a serious impact on people, water and soil. Concerning water, Rio de Janeiro has limited supplies, and the quality of water in São Paulo and Recife is getting considerably worse. Some regions suffer specific problems. For example, in the Cerrado region, which is considered a fundamental reservoir of water, conservation areas are being reduced in favour of agricultural development. The same is occurring in the Amazon region and in northeastern Sertão, where desertification is increasing. The co-ordinator considers that many companies are responsible for Brazil's environmental problems, which have been compounded by weak or misguided government policies. The most polluting companies are from the agricultural, metallurgic, chemical, aluminium, asbestos, nuclear and electricity-generation (large dams) sectors.

FASE considers that in recent years environmental consciousness has increased, due in large part to media exposure of major environmental problems. But at the same time, problems are increasing in quantity and intensity because of economic crisis. Some companies are nowadays showing a certain concern with environment, but they are a minority and they take action primarily for economic reasons. There are also sectors that resist environmental policies, especially plantation owners that try to change the forest code in order to reduce the size of protected areas.

---

<sup>112</sup> Interviewed in September 2001.

<sup>113</sup> See [www.fsc.org](http://www.fsc.org).

<sup>114</sup> Interviewed in October 2001.

FASE tries to avoid the term sustainable development because it is considered to be contradictory and confusing. The preferred term is sustainable society, which is seen as a project that has to be constructed at the local, national and international levels. FASE does not have agreements with any company, but works with public institutions (at local and state levels) and with multilateral banks. In order to change company practices, both civil society and the government need to exert stronger pressures on business.

Greenpeace-Brazil is present in different regions and on several fronts of environmental defence, and one highly visible campaign is conducted in collaboration with the Instituto Brasileiro de Defesa do Consumidor (IDEC)<sup>115</sup> against the production and trade of GMOs (genetically modified organisms, commonly called transgenic products). Brazilian law requires that GMO cultivation take place in restricted areas monitored by the Comissão Técnica Nacional de Biossegurança (CTNBio), which is composed of 17 members (eight scientists, six government representatives, and one representative each from IDEC, the trade unions and the biotechnology companies). The commercial cultivation of genetically modified seed is prohibited, but public and private companies may conduct experiments with permission from CTNBio.<sup>116</sup>

While business organizations generally avoid discussing this issue, an important number of national and international NGOs<sup>117</sup> consider that the biotechnology companies are exerting considerable pressure on farmers' organizations and the Brazilian government, which maintain an ambiguous attitude to transgenic products. Greenpeace drew up the manifesto *Por um Brasil Livre de Transgênicos*, which 20 regional NGOs have supported. This manifesto is in protest against the strong pressure from multinational biotechnology companies to liberalize the production and trade of their products, and also against the government that "without discussing with the society, is quickly and discretely attending to multinational companies' requests". The Brazilian Institute of Public Opinion and Statistics (IBOPE), at Greenpeace's request, conducted a national poll of 2,000 people. Results show that 74 per cent prefer to consume conventional foods and 91 per cent defend the obligatory labelling of GMOs.<sup>118</sup>

#### Trade unions

Using the flow of stakeholder power mentioned earlier as an analytical framework (Frooman 1999, Mitchell et al. 1997), the trade unions have an important influence on corporate social behaviour. In Brazil, the Central Única dos Trabalhadores (CUT) is one of the most important national entities that tracks trade union opinion of corporate social policies and their consequences for labour relations.<sup>119</sup> As the representative of workers, CUT has played the role of enforcing rights on the shop floor since the 1980s. Complex processes introduced by industrial reorganization and modernization since the late 1980s have modified companies and their industrial relations. According to employers, new policies have sought to increase productivity and efficiency. But as reported by trade union leaders, structural adjustment and employers' policies have resulted in the deterioration of working conditions. In fact, by reorganizing the workplace, new and far-reaching problems have emerged related to structural unemployment and the "flexibility" of labour rights. Faced with these problems, CUT has suggested new labour policies: the reduction of the length of the work-week; large public investments in order to expand employment; and a halt to deregulation policies and ongoing flexibility of workers' rights. The micro strategies of companies, and the state's macro policies, according to CUT,

<sup>115</sup> IDEC is a consumer non-profit association founded in 1987. It edits the journal *Consumidor S.A.*, which publicizes tests and evaluations of products. IDEC is conducting two large campaigns against GMOs and deceptive advertising.

<sup>116</sup> In 1999 CTNBio received 595 requests for authorization to grow transgenic corn, 32 for soybean, 6 for sugarcane, three for cotton, two for eucalyptus, two for tobacco, one for rice, and one for potato (Betto 1999).

<sup>117</sup> ActionAid Brasil, Ágora, AS-PTA/Rede PTA-SE, CE-IPÊ/Rede TA-SUL, Esplar/Rede PTA-NE, Fase, Fórum Brasileiro de Segurança Alimentar e Nutricional, Greenpeace Brasil, IBASE, IDEC, the Instituto de Estudos Socio-Econômicos (INESC) and the Sindicato Nacional dos Trabalhadores de Pesquisa e Desenvolvimento Agropecuário (SINPAF).

<sup>118</sup> Decree 3871-01 requires companies to label products that contain 4 per cent or more of GMOs (Viegas 2001).

<sup>119</sup> CUT represents more than 3,300 Brazilian local trade unions with more than 20 million workers. Interview conducted with CUT international officer and Social Observatory's director of committee in October 2001. See also [www.cut.org.br](http://www.cut.org.br).

reveal management resistance to transparency in bargaining strategy. Trade unions still do not have access to company data.

Management strategy generally aims to reduce costs by deregulating labour standards required by mandatory national laws and, instead, negotiating labour standards through collective bargaining.<sup>120</sup> According to trade unions, this process erases the universalization of labour standards.<sup>121</sup>

In this context the new business motto, social responsibility, is viewed as disingenuous. Three broad difficulties are identified. Even if CUT union leaders recognize CSR as a positive approach, its application thus far has been limited. It has not reversed corporate agendas and practices vis-à-vis workers. Second, the approach of Brazilian firms to social responsibility does not yet include the trade unions as partners. Finally, in commitments to CSR, firms do not make room for a social monitoring mechanism. Hence corporate social responsibility does not overcome the classic unilateral business perspective.

CUT also has concerns about the trend toward codes of conduct, which are still embryonic in Brazil. Codes of conduct can be seen as a firm's public statement, exposing its standards to public opinion. But CUT is sceptical of this approach. First, codes are usually unilaterally designed. Second, they fail to sustain any real impact. Third, codes of conduct, particularly in Brazil, are nebulous in comparison with the standards advocated by trade unions. Finally, codes reflect a static point of view from the firm, and do not act as a platform for the ongoing development of labour standards through collective bargaining.

Through what is known as the Social Observatory network, CUT has developed its own resources to scrutinize the social performance of firms. The main purpose of this initiative is the analysis of company and governmental behaviour. The Social Observatory network brings together the Centro de Estudos de Cultura Contemporânea (CEDEC), the Departamento Intersindical de Estatística e Estudos Sócio-Econômicos (DIEESE) and the Fundação Interuniversitária de Estudos e Pesquisa sobre o Trabalho (UNITRABALHO). Social Observatory has taken two steps: first, to organize the network with the local trade unions; and second, to promote analysis on the shop floor using a specific set of indicators based largely on ILO conventions—related to freedom of trade union association, collective bargaining, child labour, discrimination based on race and gender, the environment, and occupational health and safety. Social Observatory also monitors the role of the firm and collects data with the aim of strengthening the bargaining power of trade unions.<sup>122</sup> So far, more than 10 companies, belonging to Brazilian, Dutch, French, Italian, Japanese, UK and US corporations have been scrutinized.

According to Social Observatory, the banking, metallurgic, communications and energy sectors are among the most important sectors reorganized by the multinational industrial complex. Capital-intensive and modern technologies do not generate a significant number of new jobs. These companies have introduced management strategies and technologies that have the clear goal of encouraging the intensification of work performance while simultaneously supporting the trend toward a lowering of labour standards.

---

<sup>120</sup> In 2000, the employers' organization, FIRJAN, proposed a bill that would enable some of the social rights established in the Constitution to be negotiated through collective bargaining. They include a salary floor in proportion to the extent and complexity of the work; irreducibility of the wage; year-end salary bonus; a pay rate for night-shift work; participation in profits or results; a 44-hour work-week; paid weekly leave; ratio of pay for overtime; annual vacation; maternity leave without loss of job; paternity leave; incentives for women's employment; additional remuneration for stressful, unhealthy or dangerous work; free daycare for children until the age of six; protection on account of automation; occupational accident insurance to be paid by the employer; and equal rights for permanent and temporary workers. Article 7 of the Brazilian constitution guarantees these rights (FIRJAN/CIRJ 2000). Interview conducted with the FIRJAN vice-president, December 1999.

<sup>121</sup> The National Secretary of Labour proposed a bill in 2000 that supports the Rio de Janeiro employer's interests. This reform was on the parliamentary agenda during December 2001.

<sup>122</sup> Only a few companies have allowed the Social Observatory team partial access to managerial data. So, usually the analysis is constrained by companies' refusal to offer strategic business information.

### **Media, consumers and shareholders**

Other stakeholders that have shaped the corporate responsibility agenda include the media, consumers and shareholders.

#### **Media and business magazines**

A small number of private companies control the Brazilian media system.<sup>123</sup> Television and radio are the most popular vehicles of communication.<sup>124</sup> As globalized information is a commodity that responds to demand and supply, it must be short, elementary and emotional. Therefore, the non-specialized media generally focus on events and not the processes surrounding those events. In addition, these media rarely follow up on reported events. Nevertheless the media do play an important role in publicizing both good and bad corporate social and environmental practices. Generally they use tactics of “naming and shaming” and “naming and praising” companies (Utting 2002).

In contrast, the specialized business media generally engage in “naming and praising” and do not criticize or denounce firms that are involved in obvious social or environmental bad practice.

Among the business magazines, *Exame* is a good source for information on business initiatives associated with CSR. Such publicity has a clear tactic: it attempts to encourage CSR through highlighting good practices and ignoring bad examples. In 1997, *Exame* began publishing a list of The Best Companies to Work for in Brazil. It focuses, in particular, on companies that have a good record in human resource development. In 2001, this national ranking included more than 300 corporations.<sup>125</sup> *Exame* expanded its interests in 2000 when it defined social responsibility as a new key variable for producing profits: “the socially responsible company is the company that appraises the relationship with the stakeholders”.<sup>126</sup> The magazine adjusted the criteria for the ranking of firms, introducing social responsibility as an indicator (*Exame* 2000:44). Although social programmes exist, there is no guarantee that they interact with other organizational policies or provide significant employee benefits or participation.<sup>127</sup>

While there is growing interest among firms to participate in *Exame*'s ranking, in traditional management circles this ranking faces indifference, reflecting the persistence of conventional attitudes. The *Exame* research team very often discovers well-intentioned human resource policies conflicting with an unfriendly organizational climate, particularly between managers and employees. The positive ranking aims to spur change, improving the social performance of firms and cultivating new attitudes within companies.<sup>128</sup>

Since 2000, the national business newspaper *Valor Econômico* has published a monthly supplement, “Firms and Communities”, that analyses socially responsible initiatives. The emergence of this issue has received special attention and interest from the newspaper's editorial board, which has publicized its support for the United Nations Global Compact. The newspaper published the first research on consumer attitudes and opinions about corporate social respon-

<sup>123</sup> While public and independent media control 135 communication outlets (television, radio and newspapers), six private companies control 668 outlets as well as 269 television emitting stations. The largest is Globo, followed by the Sistema Brasileiro de Televisão (SBT), Record, Bandeirantes, Rede TV and the Central Nacional de Televisão (CNT) (EPCOM 2002).

<sup>124</sup> 88 per cent of Brazilian people listen to the radio every day; 48 per cent do not read newspapers; and 39 per cent do not read magazines. Television is present in 87.7 per cent of residences and 81 per cent watch television every day (EPCOM 2002).

<sup>125</sup> In 1999, only 70 firms applied compared to 378 in 2001. As a result, *Exame* augmented the list of the best companies from 50 to 100. Interview conducted in October 2001 with the editor of *Guia Exame*.

<sup>126</sup> For measuring social responsibility, the magazine used the seven Instituto Ethos indicators: values and transparency; workers and staff; environment; contractors and suppliers; consumers and clients; community; and government and society (*Exame* 2000:33).

<sup>127</sup> Among examples: the 3M company has a policy whereby for every real invested by an employee in voluntary social action, the firm also puts up one real. The DuPont firm provides annual rewards for social and environmental actions undertaken by employees. The Natura company has a social action committee that performs nine projects in which the Natura's shareholders invest 10 per cent of their dividends. Among other examples cited by *Exame* are also Hewlett-Packard, which sponsors social activities performed by employees; Asea Brown Boveri, which built a local school with the employees in 1999, and Accor Brazil, which allows every employee to participate for a few weeks in social programmes (*Exame* 2000).

<sup>128</sup> Interview conducted with the co-ordinator of *Exame*'s research team in September 2001.

sibility. In June 2001, the newspaper initiated another programme in collaboration with the Instituto Ethos: the Premio Valor Social. Firms are classified in several categories related to social responsibility, focusing on community relationships, the environment, the quality of the workplace, consumer issues, and micro-enterprises and small firms.<sup>129</sup>

Regarding the media that specialize in environmental issues, the editor of the Journal *Terramérica no Brasil* and general co-ordinator of Associação Brasileira de Mídias Ambientais-EcoMídias claims that companies which are environmentally oriented resist advertising in magazines and journals. He said "these companies try to avoid providing ammunition to the enemy" (Marcondes 2001).

It is possible that the greening of business could stop and even go into reverse, due to the fact that CER depends on factors that are external to the companies (national and international regulations, global markets and political relationships) more than the good will of entrepreneurs and managers. Any change of these factors may provoke a regression. A new government, in a critical economic period, could relax environmental regulations considering that they impose significant costs on private industry and reduce its ability to compete in international markets. International environmental regulations can also be weakened depending on the balance of interests, as indicated by the example of the Bush administration's response to the Kyoto Protocol. In Brazil, energy companies (hydroelectric or nuclear power plants and oil companies) can influence energy policies in favour of the strongest economic sectors, environmental issues apart. Rural entrepreneurs and logging companies have proposed a bill to Congress that would reduce by half the current limits associated with forest conservation.

### Consumers

Strategic decision makers in companies are coming to realize that pressure for social accountability is being exerted by a multitude of stakeholders (Donaldson and Preston 1995). Consumer behaviour provides feedback to companies.<sup>130</sup> When beliefs about organizational attributes become widely accepted in the public arena, we can speak of an organizational reputation. Consumer pressure on firms is a recent development in Brazil. In 2000, the newspaper *Valor Econômico* conducted the first survey among Brazilian consumers on whether social values, and not only issues of price and quality, are important to purchasing decisions.<sup>131</sup>

The survey revealed that 19 per cent of consumers considered that the existence or the absence of a reputation justified "sacrificing from the shopping list those products made by companies not considered socially responsible". This level of refusal is low in comparison with other countries: 49 per cent in the United States, 43 per cent in Germany, and 27 per cent in Spain. However, it is the first signal that concerns about a firm's social reputation are affecting purchasing decisions.

The question regarding what aspects of corporate social responsibility would influence their behaviour and lead them to recommend the firm to friends, received multiple answers: 46 per cent emphasized hiring disabled workers; 43 per cent stressed the firm's collaboration in building schools, hospitals and other social services; 32 per cent suggested that it is important for the firm to organize literacy programmes for workers and their families; 27 per cent felt that

<sup>129</sup> There was an enrolment of 109 firms, but 75 presented reports. Of the 75, projects were concentrated in the area of community relationships (54); environment and quality of work relations (12 and 12) and projects for small business (five). Of the 15 finalists, the editorial board of the newspaper published business profiles that were made after visits to the firms and which enabled the jury to make its choice. In this process, there were three foreign firms (Nestlé, BankBoston and Ford), two of the major private national banks (Itaú and Unibanco), and service sector firms in addition to mining companies, publishing houses and supermarkets (*Valor Econômico*, special issue, 12 June 2001).

<sup>130</sup> The beliefs shared by firms and stakeholders about goals, missions, practices, values and action (as well as lack of action) contribute to shaping organizational identity. See Scott and Lane (2000) and the debate promoted by Hirschman's classic book (1970).

<sup>131</sup> The newspaper *Valor Econômico* and Instituto Ethos made this poll in collaboration with Environics International Canada, which carried out the Millennium Poll on Corporate Social Responsibility, surveying 25,247 people in 23 countries. In Brazil, the sample was 1,000 people in nine states (*Valor Econômico*, 13 June 2000).

practices against pollution were essential; and 22 per cent felt that child labour is an important issue. Consumer pressure is also related to the possibility of refusing to purchase. In this question 49 per cent of the consumers who would refuse to buy a product prioritized deceptive advertising and publicity; 43 per cent would stop buying from firms that cause psychological or moral injury to workers; 32 per cent would reject a firm that sells harmful products; and 28 per cent stress child labour as the important factor. However, Brazilian consumers are not inclined to complain actively about quality and price. In fact, only 14 per cent of those surveyed had made formal complaints against firms or institutions in the six months prior to the interview. Of those who had, 40 per cent had done so more than twice.

The 1990 Código de Defesa do Consumidor is the primary frame of reference for complaints about product price and quality in Brazil. This national regulation created the necessary conditions for the mobilization of a wide variety of interest groups. The consumers' defence associations (Pro-Consumidor, Procon and IDEC, for example) advocate that it is important to raise awareness and make consumers more vigilant. Most of these organizations publish journals, bulletins and brochures and lead local campaigns to make consumers aware of their rights. As a result, Brazilian consumers have become more vigilant.<sup>132</sup>

The Código de Defesa do Consumidor also formalizes complaints. Data from Procon (São Paulo) show that complaints are related to price and quality of public and private services; billing questions regarding water, phone and private health insurance; as well as tourism and school registration, among others.<sup>133</sup> Some international companies have instituted product recall among their practices in response to injuries or consumer complaints about manufacturing defects.<sup>134</sup> Procon reported several cases of recalls among car and pharmaceutical companies based on information gathered from press releases during 1999 and 2000.

The power of consumers to express opinions and to act is recent in Brazil, considering that regulation of consumer rights has existed for more than a decade. There are two main motivations involved. Even if consumers seem potentially interested in appropriate social behaviour of firms, the real motivation for acting is, so far, defence of consumers' own benefits. That is, complaints are based on guarantees of good quality and irregular prices.<sup>135</sup> But the consumer, as a stakeholder who monitors corporate social performance, has not yet responded to socially detrimental performance or beliefs. For example, in Brazil there has never been a consumer boycott motivating change in business behaviour or attitudes regarding cultural, ethical, gender or ethnic issues. The boycott has not yet been used as a tool of penalizing "unpopular or irresponsible corporate behaviours", as in some other countries.<sup>136</sup>

The only environmental issue to which Brazilian consumers are responding in a public and organized way (through IDEC) is in support of the transgenic products moratorium, which prohibits the production and trade of transgenic products pending evidence of their effects on health.

### Shareholders

Data are scant on shareholder pressures in Brazil. Scholars question whether "ethical" investors can evaluate a firm's social performance because they are limited in their ability to absorb, proc-

<sup>132</sup> This national regulatory initiative has forced firms to take customer complaints more seriously and establish internal customer service departments. According to the director of the Pro-Consumer Association in Rio de Janeiro (with 85,000 members in the state), there is still the need to increase the network among members of civil society, to spread the model of building representative associations for consumers, and to stimulate suppliers to stipulate agreements about quality, price and guarantees. If followed, this perspective would mean less need for state arbitration and would follow the international example. Interview conducted with the co-ordinator of the association in September 2001.

<sup>133</sup> In 2000, Procon dealt with more than 14,000 cases in private health assurance in São Paulo alone, including questions and complaints ([www.procon.sp.gov.br](http://www.procon.sp.gov.br)).

<sup>134</sup> See Law 8078/90, Código de Defesa do Consumidor.

<sup>135</sup> During the period of high inflation (1985–1989), several associations promoted the monitoring of products that had irregular prices.

<sup>136</sup> "Unpopular and irresponsible corporate behaviour" is cited by Davidson et al. (1995) as "any act or decision (or in some cases, the lack of an act or decision) that the stakeholders see as unacceptable or remiss. This may include acts or decisions that are considered socially irresponsible or ethically questionable". This article examined boycotts announced in the newspapers over 22 years, 1969–1991.

ess and interpret all available financial information.<sup>137</sup> Nevertheless, values, beliefs and intentions of a firm in relation to social and environmental performance can be among the references that shareholders turn to when they want to invest in a firm. An organization's culture can affect its performance, and ultimately, an organization's values can have a significant impact on its operations. It seems that in Brazil, social sensitivity among investors (individual and institutional) has only become possible and visible in recent years.

During the 1990s several factors promoted the growth of the stock market. First, structural modifications were important. According to the CVM, the introduction of the National Privatization Programme in 1991 enabled the stock exchange to adapt rapidly to changing times and to keep up to date with the most significant events in Brazil and capital markets.<sup>138</sup> One element that increased the investment levels of individual shareholders was the fact that the National Privatization Programme offered shares at a favourable price to employees, allowing them to participate in the process of privatization. Also, stock ownership plans for directors and high-level managers became more popular, as they linked remuneration with company performance.<sup>139</sup> Moreover, the stock market itself has changed as a result of currency stabilization policies. Finally, among the changes that should be mentioned is the increasing number of publicly traded companies.<sup>140</sup>

In accordance with these modifications, the CVM suggested that the existing Corporate Law be changed (established in 1976, Law 6404 regulated capital markets and their participants).<sup>141</sup> The CVM has helped consolidate the development of policies regarding the capital market.

At the end of 1998, attentive to world events and current investment conditions, the CVM introduced the Programa de Orientação e Defesa ao Investidor (PRODIN). It consists of a toll-free call service, through which CVM answers investors' questions and explains their rights and duties.<sup>142</sup> Despite these developments and the expansion of the stock market, there does not yet exist a widespread investors' culture.

In 1987, the CVM proposed the following guideline: firms should provide an overview that includes information about their social performance.<sup>143</sup> In conformity with the IBASE campaign, the CVM decided not to insist on mandatory social audits, but chose instead to wait for the parliamentary decision, convinced that this would provide the best guidance.<sup>144</sup> Since 1976, the CVM has organized the Mauá Prize for the most outstanding publicly held domestic companies. Among the criteria is the transparency principle.<sup>145</sup> Throughout the years, various com-

---

<sup>137</sup> See Jones and Murrell (2001); Griffin and Mahon (1997); Ullman (1985); Wood and Jones (1995); and Harrison and Freeman (1999).

<sup>138</sup> Brazil's CVM is a federal agency linked to the Ministry of Finance. It was created by Law 6385 of 7 December 1976. It has the following objectives: to assure the proper functioning of the exchange and over-the-counter markets; to protect all securities holders against fraudulent issues and illegal actions performed by company managers, large shareholders or mutual fund managers; to assure public access to all relevant information about the securities traded and the companies which have issued them. See the 2000 CVM annual report ([www.cvm.gov.br](http://www.cvm.gov.br)).

<sup>139</sup> According to the 2000 CVM annual report, since the introduction of the National Privatization Programme, 132 auctions have been held, raising funds exceeding \$100 billion for the Treasury.

<sup>140</sup> During the period of economic instability in the late 1980s and early 1990s, a number of firms withdrew from the market. Since 1994, the number of openly traded firms has grown. In December 1993 there were 829 firms, but by 1997 the number had grown to 941.

<sup>141</sup> The CVM participated actively in the discussions and process procedures of the Law Project 3115 and on the reform of Law 6404 (Corporate Law) in the Congress during the year 2000. After unanimous approval in the Economy, Industry and Commerce Committee and also the Financial and Taxation Committee, the project was also approved by the House of Representatives. This improvement in the Corporate Law will provide minority shareholders greater protection. See [www.cvm.gov.br](http://www.cvm.gov.br).

<sup>142</sup> In 2000, this programme answered 22,000 calls, a figure that represents a growth of 30 per cent over the number of calls in 1999. Including all forms of correspondence, the CVM responded to about 90,000 queries. See [www.cvm.gov.br](http://www.cvm.gov.br).

<sup>143</sup> The CVM issued two orientation reports stimulating the diffusion of social information (*Parecer de Orientação CVM n° 15/87* in the *Relatório da Administração*, and the *Parecer de Orientação CVM n° 24/92* about the diffusion of *Demonstração de Valor Adicionado*).

<sup>144</sup> See the statement at [www.cvm.org.br](http://www.cvm.org.br).

<sup>145</sup> The set of criteria for ranking companies includes clear financial statements and the quality of information provided; service to shareholders, shareholder remuneration policy; and transparency of information. The Mauá Prize is also sponsored by the *Jornal do Brasil* newspaper, the Rio de Janeiro Trade Association and the Associação Brasileira das Companhias Abertas (ABRASCA).

panies have made their mark on the market and received the Mauá Prize, which in 1999 was awarded to Souza Cruz (tobacco).<sup>146</sup>

Pension funds have recently become more sensitive to issues of transparency and corporate social behaviour. The *Gazeta Mercantil*, the oldest business newspaper, reports that this market has introduced a new tendency in the social evaluation of firms prior to investment.<sup>147</sup> For example, the Director of Security of the pension fund of the Banco do Brasil (PREVI), a fund of about R\$38 billion, considers that social responsibility could become a signal for the differentiation of investment decisions. According to this leading investor, public recognition for social responsibility will be possible when firms publish their social audits, because this will indicate how much is being socially invested and in what activities. PREVI's director reports that the pension fund has expanded investment in the hotel, tourist and leisure sectors since 1998 because these sectors are perceived to maintain good environmental practices, generate employment and support local culture.<sup>148</sup> Although socially responsible investing is still in its infancy, there is evidence that a few shareholders are taking into account the social values, beliefs and intentions of companies. The Workers' Pension Fund for Petrobras, PETROS (more than R\$8 billion), is also paying more attention to socially responsible investment and has analysed the trends suggesting an incipient expansion of such investment (Antiquera 2001).

Increasing the social responsiveness of capital traders is among the suggestions made by Associação Brasileira dos Analistas do Mercado de Capitais (ABEMEC), a national professional association founded in 1970.<sup>149</sup> In accordance with international standards, ABEMEC adopted a resolution in 1990 to develop a Code of Ethics and establish a Committee on Ethical Conduct. Moreover, it not only publishes its own social audit (using the IBASE model), but also suggests that professional analysts should recommend the social audit to firms.<sup>150</sup> Social audits, according to the association's director, provide competitive advantage in the market. Since 1999, this criterion has been taken into account when awarding the annual prize, Best ABEMEC Firm.<sup>151</sup>

There is still no movement of investors related to environmentally responsible investment in companies that have adopted correct environmental practices. Agents working at the Brazilian stock market were not aware of any such investment.<sup>152</sup>

The international literature cites different ways in which investors promote social performance, including disinvestment.<sup>153</sup> In the Brazilian case, this tactic has not been adopted to force social changes in corporate behaviour. According to the ABEMEC director, the association is interested in encouraging positive attitudes, with the specific objective of correcting polluting practices that damage the environment. Investment analysts play the role of mediator, and because of their contact with owners and managers, they have motivated medium-sized domestic firms to introduce voluntary social audits. This indirect way of encouraging CSR initiatives illustrates the first conscious influence on the market by investors.<sup>154</sup>

<sup>146</sup> White Martins, Banco do Brasil, Banco Itaú and Bradesco have also received the prize.

<sup>147</sup> In Brazil there are more than 346 pension funds, with around R\$148 billion, using more than 60 per cent of capital invested in the stock market (Antiquera 2001).

<sup>148</sup> According to the director of PREVI, the pension fund invested 6.49 per cent of all its investments in the tourist market in 2000, compared to 5.4 per cent in 1999 (see Antiquera 2001).

<sup>149</sup> Interview conducted with the director of the ABEMEC, August 2001.

<sup>150</sup> This association has registered among its own social actions philanthropic help to schools, orphanages and nurseries. Technical assistance is also provided to firms to produce social audits.

<sup>151</sup> This prize has existed for more than 30 years.

<sup>152</sup> Interviewed in October 2001.

<sup>153</sup> For an analysis of the American shareholders' movement, see also Vogel (1983).

<sup>154</sup> According to the director of the Financial Analyst Association, large Brazilian firms, most of them in the financial sector, or international corporations, rarely publish social audits. These companies generally engage in other forms of social action involving philanthropy or local community programmes using GIFE as their network.

## ***State and party***

Numerous state and party organizations have influenced the corporate responsibility agenda in Brazil. State regulations, particularly in relation to environmental issues, have played a crucial role in stimulating business responsiveness to corporate responsibility issues. In this section we highlight the role of three specific actors: the PT, municipal authorities and specific developmental agencies.

### **The Partido dos Trabalhadores**

The PT is an influential stakeholder in the business field. It is able to influence public opinion and it conveys critical demands from trade unions and social movements to firms. In the build-up to the 2002 presidential elections, the PT attempted to construct a broad-based alliance with sectors of the business community (see postscript).

The PT is the only group since 1997 to propose a bill regarding mandatory social auditing of companies.<sup>155</sup> The interest in proposing the social audit has its roots in the parliamentary debate proposed by the PT in the Labour Committee. This debate deserves attention because it linked the discussion of child labour and the analysis of the deterioration of labour standards. It made clear that firms have an important role in society beyond earning a profit. According to the PT position, firms have a social responsibility to protect, above all, labour conditions, health and safety, and should be accountable to society. The PT bill has three justifications. First, the social audit is essential because it brings the firm's economic and social behaviour within the sphere of regulation. Second, the social audit is helpful to the state. By enabling an analysis of the firm, the social audit could inform industrial policies at the national, regional and local levels. Finally, according to the PT, the social audit must be mandatory because firms are not characteristically transparent and accountable to society.<sup>156</sup> In fact, companies usually take a large portion of their resources from society. So, the social audit is seen as the best way for understanding what firms actually do.

The PT debated this proposal with several institutions.<sup>157</sup> Businesses responded to the PT, accepting a discretionary form of the social audit in order to avoid the creation of penalties. According to PT members of parliament, the mandatory proposal recently received more support because of various environmental accidents involving Petrobras, the national oil company. The effects of globalization also keep the mandatory proposal in the political limelight.

Despite the fact that the PT bill related to mandatory social accounting has been on the legislative agenda since 1997, Brazilian municipalities have shown more interest in IBASE's voluntary model for interacting with firms. In 1999, the first year of the Empresa Cidadã (Citizen Company) label, 32 firms applied and, as an incentive, all 32 were rewarded. The awards are granted every two years.

### **Municipalities**

Municipalities, as public institutions, constitute another actor that has influenced business behaviour. Since 1989, municipalities have played an important role in local industrial development policies. Also, according to the 1988 Constitution, municipalities are responsible for the management and integrity of urban and physical space (see dos Santos Lima 2000). Currently, the public role played by municipalities relates to a legal function of offering incentives and facilities when firms choose factory locations. Company mobility is one of the most important strategies shaping

---

<sup>155</sup> Interview conducted with parliamentarian P. Rocha, PT co-ordinator of this bill (state of Pará) September 2001.

<sup>156</sup> The bill would oblige companies with 100 and more employees, and all state companies, to prepare an annual social account (*balanço social*).

<sup>157</sup> The PT has collaborated with others on this issue. IBASE, for example, reviewed the international experience about mandatory experiences. The PT also consulted with ABRINQ and the Federation of Industries leaders, and other local and regional state agencies. The PT's position on this issue was developed in relation to commitments that emerged at the World Summit for Social Development (Copenhagen, 1995) regarding CSR (interview, September 2001).

regional divisions in the Brazilian economy.<sup>158</sup> It follows, then, that company agreements with municipalities are extensive. A particularly notable example is the May 1988 resolution of the São Paulo municipality that established the *Empresa Cidadã* label.<sup>159</sup> This is a municipal-level award that certifies the social commitment of firms.<sup>160</sup> This comprises three aspects: (i) the social profile of employees; (ii) the extent to which social policies are introduced and practised in the workplace, and (iii) the set of incentives for human development and quality of life inside the company and in the community.<sup>161</sup> The introduction of the last aspect was justified because state social care does not address all the population's needs and services.

#### State agencies

The Banco Nacional do Desenvolvimento Econômico e Social (BNDES) can be seen as a thermometer of the incipient flows of influence from state institutions to changes in corporate social behaviour. This bank is the most important in exchanges with companies.<sup>162</sup> Even though it aims to promote the country's economic development, BNDES announced in its strategic plan for 2000–2005 its first commitment to social responsibility principles.<sup>163</sup> The statement “encourage social spending by the private sector, while fostering a sense of corporate social responsibility” is only a recommendation and not a key criterion for prioritizing or evaluating projects. In its 2000–2005 plan, the institution affirms its intention to operate according to classic goals: promoting the Brazilian economy; fostering investment in key areas where the private sector is unable to act alone; giving priority to projects that contribute to the reduction of regional imbalances, especially by supporting infrastructure projects identified in the National Development Regions—*Avança Brasil* programme; prioritizing projects that have a significant multiplier effect on investment and lead to better social conditions for the Brazilian population; and incorporating the concept of “sustainable development” in projects supported by BNDES. In relation to social investment, BNDES, in partnership with NGOs, aims through different programmes to improve water services, urban transportation, access to microcredit and rural development.<sup>164</sup> In the social area, special attention is given to literacy.<sup>165</sup>

BNDES created its first Environmental Unit in 1989 and until 1999 provided financing for environmental investments amounting to \$5 billion (around 6 per cent of the bank's total investments), principally directed at steel plants. It also provided funds for private environmental cleanup initiatives,<sup>166</sup> the substitution of pulp bleaching technology, the use of coal gas for electricity generation, the optimization of petrochemical processes and environmental certification.

In 1989, all the state environmental agencies were unified in the Instituto Brasileiro de Meio Ambiente e dos Recursos Naturais Renováveis (IBAMA). In 1990, the *Secretaria do Meio Ambiente* was created and linked to the president with ministerial status. IBAMA is now the most

<sup>158</sup> The so-called “war of tax incentives” was one important element that contributed to the relocation of firms from the south to the north during the 1990s.

<sup>159</sup> The municipality of Santo André (1997) established the first initiative. After that followed Porto Alegre (1998), Uberlândia (1999) and the first project of João Pessoa (1999). Interview, and information at [www.empresacidada.org](http://www.empresacidada.org), September 2001.

<sup>160</sup> The Special Committee that attributes the *Empresa Cidadã* label is composed of representatives from Congress, civil society, business and workers.

<sup>161</sup> The social profile of employees includes employment of the physically disabled and the total number of workers disabled, hired and dismissed. Social policies relate to the workers' family welfare (sport, culture, transportation, health, etc.). Contribution to the community involves support to sport and cultural activities, urban improvement and environmental protection.

<sup>162</sup> BNDES is a public company, fully owned by the federal government, and the country's most important source for long-term financing. It has been a key player in all phases of Brazilian development since it was created in 1952. BNDES operates in every sector of the economy and its strategy focuses on industrial restructuring, infrastructure expansion and revamping, managing the National Privatization Programme, supporting foreign trade, conserving the environment, promoting and improving competitiveness of agriculture and services. See [www.bndes.gov.br](http://www.bndes.gov.br).

<sup>163</sup> Interview conducted with the director of social development investments in October 2001 and with the manager of Estudos Setoriais da Área de Investimentos Sociais in November 2001; see also [www.bndes.gov.br](http://www.bndes.gov.br).

<sup>164</sup> According to the 2000–2005 plan, “An important aspect—and an innovative factor in the area of social policy in Brazil—is that more than 93 per cent of the financing in this portfolio is subject to repayment” ([www.bndes.gov.br](http://www.bndes.gov.br)).

<sup>165</sup> Until 1999, the most important programmes were the Literacy Support Programme, which enabled 150,000 young people and adults to learn to read and write, and the Job Training Support Programme, which gave occupational training to 8,000 young people ([www.bndes.gov.br](http://www.bndes.gov.br)).

<sup>166</sup> Such as those of the Tietê River, Guanabara Bay, the Metropolitan Region of Belo Horizonte and the Guaíba River.

important Brazilian federal agency. On 26 February 1996, IBAMA joined an international network to issue the Green Protocol, consisting of a special report on the first co-operative effort by Brazilian financial institutions to slow environmental destruction in the country. The Green Protocol programme aims to prevent adverse environmental impacts from the \$2.4 billion loans to private businesses annually by the five major government-owned banks. Under the Green Protocol programme, which has been co-signed by four ministries, five major public banks, and IBAMA, national banks will deny credit to businesses that do not comply with environmental regulations, and environmental assessments will be required for the approval of new loans. Zeze Weiss, executive director of Amanaka's Amazon Network, which was promoting the Green Protocol internationally, together with the National Wildlife Federation, said she has agreed to support the programme "because it puts teeth into the intent of legislation to protect the environment".<sup>167</sup>

According to the manager of IBAMA/Rio de Janeiro,<sup>168</sup> the most serious environmental problems are currently urban waste, the irregular occupation of fragile areas (hills, spits and wetlands), water pollution and urban sanitation. Problems are also spreading into protected areas that are not able to guarantee the conservation of ecosystems, because they are isolated or surrounded by urban areas.

IBAMA is considering implementation of a project to define "ecological corridors" to link different ecosystems and to safeguard biodiversity. IBAMA, however, faces an uphill struggle, given that environmental problems are increasing year by year, particularly in rapidly expanding cities. The manager of IBAMA believed that UNCED, held in Rio de Janeiro in 1992, made people more conscious and stimulated them to increase their demands on public authorities for a healthy environment. She acknowledged that, unfortunately, state institutions are not prepared to act quickly and effectively in this area. IBAMA does not have agreements with companies, but co-operates with environmental NGOs, the Federal University of Rio de Janeiro, the municipality and the Forest Guard.

### **III. The Developmental Significance of Corporate Social Environmental Responsibility**

After more than a decade of experience with CSR and CER initiatives, there is still no generally accepted definition or practice of CSR and CER. During the 1980s and 1990s, social policies in the workplace experienced a number of changes as a result of deregulation. In response to the growing recognition of the limits to state "universal" welfare provisioning, from the mid-1990s, attention focused on partnership with private sector in developing social policies as a strategy for national progress. How successful has this strategy been? In this section we locate CSR and CER in the broader context of trends in labour conditions and environmental protection.

#### ***Labour conditions***

Changes in the Brazilian economy since the 1980s have produced social disparity in the labour market. The most important are labour market restructuring and deregulation, which have resulted in worsening labour conditions and a decline in job security (Cardoso 2001).<sup>169</sup> In regard to labour market restructuring, scholars emphasize different aspects: an increasing rate of service sector employment (commerce and services); a growing number of jobs without social protection and benefits; a rising unemployment rate; the tendency for the quality of working

---

<sup>167</sup> The Green Protocol also requires potential borrowers to pay all outstanding environmental fines issued by IBAMA. Among those already ineligible for financing are the more than 400 companies on the National Treasury's List of Delinquent Debtors. IBAMA has already served more than 70,000 delinquency notices and collected over \$30 million in fines since April 1995.

<sup>168</sup> Interviewed in October 2001.

<sup>169</sup> See also [www.ipea.gov.br](http://www.ipea.gov.br).

conditions to decline; and finally persistent unequal income distribution.<sup>170</sup> These trends support the conclusion that labour market segmentation is created by the changing conditions of labour contracts. Studies of employment, based on national data from 1981 to 1999, have found that “unstructured work” (unregistered workers, informal sector) comprises more than half of all job opportunities in Brazil.<sup>171</sup> Sixty per cent of workers do not have, or have lost since 1981, the social protection standards of labour laws. Another important determinant of the segmented labour market is the increase in unemployment; between 1981 and 1999, the unemployment rate increased from 4 per cent to 10 per cent (Cardoso 2001).

The effects of labour market restructuring also relate to the high rate of employee turnover (workers hired to replace those who have left during a given period of time). Research demonstrates that the average rate from 1989 to 1999 decreased slowly, but still remains close to 40 per cent. Studies show that the slight decrease is due to changes in firms. Firms have begun to outsource services such as food provision as well as cleaning and transport services. These are primarily low-skilled jobs. This is one strategy among others to cut costs. However, there are variations between small and large companies. For example, among small firms (less than 19 employees) turnover between 1989 and 1999 remained about 69 per cent. Among medium firms (22 to 99 employees) turnover decreased between 1989 and 1999 from 58.7 per cent to 52.6 per cent. Among large companies (more than 500 employees) the rate decreased from 23 per cent in 1989 to 14.9 per cent in 1999.<sup>172</sup>

Labour market deregulation also creates other outcomes that are linked to legal standards associated with management of work (employment regulation, recruitment, layoff and the length of the work week<sup>173</sup>), remuneration standards (minimum wage and income policy) and protection provided by social services for workers and the unemployed (above all labour rights and social security policy in the workplace).

In the almost 20 years considered here (1981–1999), the actions of the state have not followed a linear trajectory. Toward the end of the 1980s, the state responded to pressure from social movements and labour unions in drafting the new Constitution. Labour rights regulated by mandatory standards were introduced and expanded. But, particularly after 1994, the state initiated the strategy of labour market deregulation that allowed the clear elimination or substitution of labour rights through decrees and edicts. These are specific pieces of legislation emanating directly from the government. The modifications that occurred are summarized below.

### Flexibilization

One of the most important decrees was that concerning “co-operative work”, which was introduced in 1994 (Law 8949). It established that co-operative workers are not subject to a contract. Hence, the workers are not employees and, consequently, are denied several rights defined in the *Consolidação das Leis do Trabalho* (CLT).<sup>174</sup> Also, in 1995, the government abandoned ILO Convention No. 158 that reduced the power of firms to lay off workers. This change provides for greater flexibility in job termination and dismissals.<sup>175</sup> Moreover in 1998, the strategy of flexibility was evident with Law 9601 and Edict 1709 that introduced the 24-month temporary contract. But what is more important is that it reduces the employees’ rights and decreases em-

<sup>170</sup> According to Pesquisa Nacional por Amostra de Domicílios (PNAD) data from Cardoso (2001), autonomous, unregistered workers without income comprise the “unstructured” sector. Also in this group are 60 per cent of workers in the economically active population. Since 1981, only 15 per cent are protected by social security standards, in comparison with the structured sector, in which 95 per cent are protected by social security standards.

<sup>171</sup> Medeiros and Salm 1994; Mattoso and Pochmann 1998; de Oliveira 1994; Castro and Dedecca 1998; Dedecca 1999.

<sup>172</sup> According to research carried out by FIESP in this period, the decrease was faster. That is, in 1999, the São Paulo firm turnover was 35 per cent (Neumann 2000).

<sup>173</sup> The length of the work week also creates diversity in the labour market. More than 63 per cent of workers in structured positions and 58 per cent of those in unstructured positions work more than 40 hours a week (Cardoso 2001; de Azevedo Menezes 2001).

<sup>174</sup> The workers in the co-operative system do not have holidays, social security care and paid leave, and are not paid a bonus for the “thirteenth month” (de Azevedo Menezes 2001).

<sup>175</sup> Countries that follow this convention establish norms that limit the absolute power of employers to dismiss workers. By declining to follow this convention, the Brazilian legislation fails to protect workers against layoffs.

ployer contributions to social security. This form of employment includes neither union membership nor collective bargaining.

Another decisive change in the wage policy established by the new Constitution occurred in 1994 with Decree 794, which introduced the *Participação nos Lucros e Resultados* (PLR) programme. This allowed for wages to be mediated by bargaining without state arbitration. In fact, the PLR initiated a new wage policy through which firms establish employee compensation that is not included in the wage contract. This is also relevant with regard to social security policies, because this type of compensation is flexible. Moreover, trade union bargaining positions are affected as they lack full knowledge of a company's revenue and expenditure flows. Owners and management have unilateral control over that information.

In 1995, the government published Edict 1053 eliminating the traditional mechanism of wage rate increases. With this, wages must be defined through annual bargaining processes. This ended the indexing of wage increases (for example, with cost of living indices) and enabled the dismantling of mediation through the Board of Labour Relations (*Justiça do Trabalho*).

The end of indexed salaries was reinforced in 1997 with Preliminary Legislation 1906, which eliminated any automatic adjustment to wages based on an inflation indicator. Further, this preliminary legislation stipulated a procedure for establishing the level of social benefits without reference to wage levels or the cost of living.

Among other modifications, Law 9601 of 1998 proposes use of a "bank of hours". This is one approach for eliminating higher hourly pay for overnight or overtime shifts by introducing a clause in the labour contract that allows firms to substitute days off for overtime work, or to postpone payments for overtime work. In order to facilitate the reduction of the work force in several privatized firms, in 1994 the government published Decree 1970 introducing the *Programa de Desligamento Voluntário* (PDV) that provided for voluntary resignation with special incentives.<sup>176</sup>

### Labour protection

In the area of labour protection, the government has initiated different programmes that, for the first time in Brazil, offer training opportunities. Since 1996, resolutions have implemented programmes focusing on new job creation and reconversion of low-skill workers. The first, the *Programa de Expansão do Emprego e Melhoria da Qualidade de Vida do Trabalhador* (PROEMPREGO I), was created by the *Conselho Deliberativo do Fundo de Amparo ao Trabalhador* (CODEFAT), an agency of the Ministry of Labour; the second, PROEMPREGO II, was established in 1999. In 1998, Decree 1726 provided for the interruption of temporary contracts. During the resulting provisional unemployment, workers must participate in training programmes sponsored by the *Fundo de Amparo ao Trabalhador* (FAT) and income transfers in this period are commensurate with unemployment insurance. The same year, CODEFAT implemented the *Programa de Promoção do Emprego e Melhoria da Qualidade de Vida do Trabalhador* (PROTRABALHO); in 1999, PROTRABALHO II expanded the training programme.

More than half of Latin American workers, especially those from Brazil, are exposed to biological, physical and chemical risk factors (Schubert 2001). Data confirm that Brazil has the highest rate of work-related illness and injury in Latin America.<sup>177</sup> Considering that only half of the workers are insured through the state's social benefit system (71 million of the economically active population), and that only a portion of these are covered against work-related accidents (23 million), the reality is particularly alarming. It is worse in view of the high rate of informal sector work and subcontracting in small- and medium-sized firms. In 2001, the *Instituto Nacional de Seguro Social* reported that in 2000, more than 3,000 accidents were fatal, and that

---

<sup>176</sup> Workers in the PDV receive 1.25 times the minimum wage for each year worked in addition to other advantages.

<sup>177</sup> Based on the rate measured using one million insured (Schubert 2001).

Brazil spends annually more than R\$20 billion on health, professional rehabilitation and worker compensation for disability caused on the job (Futema 2001). The sectors most affected by fatal accidents are those in transportation, storage, commerce and building/construction. For work-related injury, the chemical and metallurgical sectors have especially high rates. In 1988, the Ministry of Health instituted the initiative that created the Comissões Internas de Prevenção e Acidentes (CIPAS) in the workplace to control, prevent, inform and educate about the risks of work (CUT 1996) (see table 9).

In 1997 the state made its first attempt to enforce Law 6321 of 1976 and Law 6514 of 1977 concerning work-related accidents and security. The Ministry of Social Benefits and Assistance and the Ministry of Labour constituted a working group to introduce reforms. In 2001, the proposal was to increase the percentage of tax paid by firms that did not invest in the prevention of work injury. In this context, the National Confederation of Industry and the building and metallurgic business organizations played an active role by running campaigns in the workplace.<sup>178</sup>

**Table 9: Health and safety at work**

Year	Workers	Professional diseases	Total injuries	Total deaths
1970	7,284,022	5,937	1,220,111	2,232
1975	12,996,796	2,191	1,916,187	4,001
1980	19,222,815	3,713	1,464,211	4,824
1985	20,452,109	4,006	1,077,861	4,384
1990	22,755,875	5,217	693,572	5,355
1991	22,792,858	6,331	640,790	4,464
1992	22,803,065	8,299	488,365	3,634
1993	22,722,008	15,417	431,266	3,110
1994	23,016,637	15,270	388,304	3,129
1995	23,614,200	20,646	427,137	3,967
1996	24,311,448	34,889	395,455	5,538

Source: Boletim Estatístico de Acidentes do Trabalho, Instituto Nacional de Saúde no Trabalho ([www.cut.org.br/inst.htm](http://www.cut.org.br/inst.htm)).

These modifications to legislation alter the labour market both in terms of restructuring and de-regulating. They relate primarily to institutional changes in protective regulation.<sup>179</sup> Globalization can be seen as the motto of flexibility. In the 1990s, Brazilian business networks were able to introduce flexibility of employment as a new institutional standard due to the state national policies described above. Until this point, differences in labour standards (i.e., between those that provide guarantees and those that do not) were associated with the narrow scope of the welfare state and the limited compliance with work legislation among employers. Currently, this difference takes on a new dimension. Now the decline in workers' guarantees has increased the freedom of employers, and is reinforced through law. Designed to reduce overall competitive inefficiencies, deregulation can be seen as a consequence—or as a requirement—of promoting and supporting business investments.

<sup>178</sup> These campaigns pointed out, among other things, that nutrition can reduce fatal accidents at work. Data from Sinduscon demonstrate that, of the total of reported accidents, about a fifth occur in the morning between 8 and 10 am (see Diário de Pernambuco 9 July 2000).

<sup>179</sup> Standing (1999:41) suggests that in relation to the labour market, statutory regulations come in five forms: protective regulations (rules and procedures to protect workers and/or to prevent those in strong positions from abusing those in weak positions); fiscal regulation; repressive regulations; promotional regulations; and facilitating regulations.

## Gender and race

Widespread gender inequalities characterized the public and private spheres until the 1980s. With the 1988 Constitution and the subsequent amendment of the family and civil codes, there has been a reduction of institutionalized gender injustice. During the last 20 years governments have, to some extent, responded to demands by dealing with some of the social, political, legal and institutional barriers that blocked women from seeking or obtaining equal civil, social and political rights. Nevertheless, significant gaps persist and assume different forms, with the result that the workplace remains segregated by gender in both direct and indirect ways.

Research shows that female labour force participation has increased since 1980 despite fluctuations in the rate of economic growth.<sup>180</sup> In this period, the quantitative dimension of women's participation has grown rapidly in response to cultural and economic changes, including an increase in educational attainment together with lower wages. Data from DIEESE for the state of São Paulo provide a clear example of the gender wage gap in one of the most industrialized regions in Brazil<sup>181</sup> (see table 10).

**Table 10: Real average income from primary work by sex and by occupational status, metropolitan region of São Paulo, 1996**

Occupation status	Earnings in R\$	
	Women	Men
Regular employment	712	973
Private sector (registered)	661	926
Public sector	855	1,304
Irregular employment	415	747
Self-employed working for a company	518	1,024
Self-employed working for the public	396	768
Domestic service	276	n.d.

**Source:** [www.dieese.org.br/esp/es2mai97.htm](http://www.dieese.org.br/esp/es2mai97.htm). **Notes:** Values in reals at November 1996; n.d.: not identified within the sample.

During the last decade women's participation in the labour market has gone in two opposite directions. On the one hand, the labour market grew for low-skilled, low-income work and there were low levels of formalization of relations and protection of work. On the other hand, female employment in high-skilled jobs, characterized by higher levels of formalization, income and protection, has also increased. With the exception of income, the profile of job inclusion related to high-skilled jobs is quite similar to that of men. For both types of employment, women's earnings are always lower than those of men (Bruschini and Lombardi 2000). The rate of unemployment also reflects the gender gap. Women's unemployment rates were 5.21 per cent higher in 1981, a difference that did not decline in the 1990s. By 1999, the figure had increased to 12.1 per cent.

Moving from the workplace to industrial relations, gender inequality has taken on a new significance in collective bargaining between firms and trade unions since 1980, and bargaining agreements were supported by the introduction of new laws related to the 1988 Constitution. A 1997 DIEESE survey suggests that industrial relations had resulted in fragile improvements in women rights (see DIEESE 1997b). In collective bargaining employers would only partially comply with work legislation, and business understanding of equal opportunity policies is selective

<sup>180</sup> See Paes de Barros et al. (2001:32); and Lavinás (2001).

<sup>181</sup> DIEESE was created in December 1955 on the initiative of a group of trade unions driven by the need for objective knowledge of the workers' reality and a source of reliable information. See DIEESE (1997a, b; 1998) and [www.dieese.org.br](http://www.dieese.org.br).

(Rosenbaum 2000). With respect to six areas of contract agreements for women workers—pregnancy, parenthood, working conditions, competence at work, health and gender equality—it is clear that some issues are more likely to be recognized than others, notably those related to parenthood and pregnancy. But with regard to issues relating to technological change, worker training and skill maintenance (a key demand of trade unions), the gender dimensions of bargaining agreements are very weak. The broad issue of women's rights at work is still generally limited to a discussion of working mothers, because emphasis is placed primarily on women's reproductive roles. In fact, the DIEESE survey on Women and Bargaining observes that in 1995 only 8.5 per cent of the contract clauses relating to the workplace included agreements on working conditions. Only 1.9 per cent relate to work, 4.5 per cent to health and 1 per cent to gender equality. Between 1993 and 1995 there was little progress on issues regarding professional training for either men or women, but particularly for women (see table 11).

**Table 11: Distribution of clauses relating to women at work**

Clauses relating to women at work	1993		1994		1995	
	No.	%	No.	%	No.	%
Pregnancy	101	25.4	98	25.1	93	24.7
Parenthood	233	58.7	227	58.1	224	59.4
Working conditions	36	9.1	36	9.2	32	8.5
Qualification for work	8	2.0	8	2.0	7	1.9
Female health	15	3.8	18	4.6	17	4.5
Gender equality	4	1.0	4	1.0	4	1.0
Total clauses relating to women	397		391		377	
Total documents including female issues	90		87		84	
Total documents comprising the SACC	95		92		89	

**Source:** DIEESE System for Accompanying Collective Contracts (SACC). **Note:** Due to rounding, the group percentages may differ from the sum of the percentages that comprise them.

In this survey (1993–1995), protection against direct discrimination and questions about the shop floor are among the themes appearing in bargaining. For example, bargaining agreements on work conditions included issues relating to a minimum level of personal security and safety, such as the prohibition of body searches at the end of work shifts.

Finally, programmes encompassing positive action toward correcting inequalities and the discussion of salary structuring and scaling for men and women were not incorporated in bargaining until 1995, despite demands from trade unions.<sup>182</sup> Moreover, in spite of several shop floor denunciations of sexual harassment, it took until 2000 for the first written anti-harassment policy to appear.

In conclusion, the coverage of gender rights is very weak in the formal agreements between employers and workers. There are a restricted number of issues included in collective bargaining agreements. The inadequacy of clauses regarding training initiatives designed specifically to reduce the gender gap could imply that companies are already promoting equal opportunity. However, gender issues are largely absent in the programmes of CSR initiated by firms in Brazil. This suggests sharp differences between workers' expectations and firms' gender policies. The rules defined by the 1988 Constitution have not yet produced real change, even though trade unions and the women's movement have formulated specific demands (for example, equal pay, career advancement, training programmes to promote equal opportunity, and reconciliation of work and family responsibility). Along with the changes in the labour market and

<sup>182</sup> In 2001 collective bargaining in the bank sector addressed, for the first time, the issue of equal opportunity.

the increasing unemployment rate, it is clear that the principle of gender equality exists only in the law and is not a standard on the shop floor.

Racial discrimination has a long and complex history in Brazilian culture. According to studies, it is clear that the analysis of employment structure, wealth distribution and child labour are contextual dimensions of racial injustice.<sup>183</sup> African-Brazilian descendants constitute one of the largest black national social groups in the world, second only to Nigeria.<sup>184</sup> The highly unequal distribution of wealth has been compared with the population's racial composition. In fact, blacks and mulattos represent 45 per cent of the population but make up 64 per cent of the poor and 69 per cent of the destitute. Blacks make up only 15 per cent of the richest 10 per cent.

The rate of illiteracy among the black population aged 15 years or older is more than double the rate for the white population (19.8 per cent and 8.3 per cent, respectively). The consequence of this disparity in education levels suggests that blacks are persistently in an unfavourable position vis-à-vis the white population in the labour market. From 1992 to 1999 both state and company policies against child labour resulted in a few improvements for both whites and blacks, as the rate of child labour fell from 3.7 per cent to 2.4 per cent. However, among white children, the reduction was more rapid, dropping by 45 per cent, while for blacks, the rate fell by 24 per cent (Henriques 2001).

Unlike gender issues, the racial debate is on the national agenda. The first well-known case emerged as a result of the partnership between the black movement and the trade unions, centred on ILO Convention No. 111. A claim made at the ILO in 1992 put pressure on the Brazilian government. In fact, the National Secretary of Labour has addressed racial issues since 1996, when the Grupo de Trabalho para a Eliminação da Discriminação no Emprego e na Ocupação (GTEDEO) was formed. The GTEDEO is a committee designed to encourage dialogue between employers and employees in order to reduce racial discrimination. The business industrial association in the state of São Paulo is the only one that agreed to begin this task. In 1999, businesses signed an agreement with INSPIR—Compromisso Empresarial pela Valorização da Diversidade no Local de Trabalho e do Compromisso Empresarial pela Erradicação do Trabalho Infantil (the Pledge of Private Businesses to Value the Diversity of the Workplace and to Eradicate Child Labour). This initiative has not been reproduced in other regions, and the development of social responsibility programmes addressing these issues is very limited. In fact, only a few companies have adopted voluntary initiatives that address inequality in education related to racial issues. Such initiatives are generally very limited in scope. In contrast to the private sector, in 2001, the government introduced the first quota policy in higher education (universities) and in state employment agencies to facilitate the hiring of African-Brazilians.

### ***Environmental dimensions***

The activities of production, principally those associated with industrial and agricultural companies, are commonly identified as particularly responsible for the degradation of the environment and the deterioration of the quality of life. These activities involve the use of nature as an inexhaustible stock of raw materials; the discharge of solid and gaseous wastes that pollute air, water and soil; and the destruction of natural forests and substitution of natural ecosystems with monocultures that drastically reduce biodiversity. Growing environmental consciousness, international market pressures and new environmental regulations have obliged some entrepreneurs to modify their productive activities.

Regarding regulation, environmental legislation has pursued a path somewhat different to that of labour law. Rather than weakening rights and standards, it has sought to strengthen them. In

---

<sup>183</sup> See the report by the IPEA team sponsored by UNDP. The data sources are the annual survey by PNAD of the Brazilian Institute of Geography. See also Henriques (2001); Hasenbalg et al. (1999); Instituto Sindical Interamericano pela Igualdade Racial (1999); Rosemberg (1986); Soares (2000); and Silva Bento (2000).

<sup>184</sup> According to the 1999 PNAD survey of 160 million Brazilians, 54 per cent declare themselves to be white, 39.9 per cent mulatto, 5.4 per cent black, 0.46 per cent Asian and 0.16 per cent indigenous.

1985, citizens were granted the right to take civil legal action in defence of the environment. This invalidated Article 6 of the Civil Code that prevented anyone from defending in his/her own name another individual's right. This was an obstacle to environmental protection. The new law allows public prosecutors, states, municipalities, foundations and associations concerned with environmental issues to prosecute any environmental aggressor (Magalhães 1998:53–54). The 1988 Constitution is the first in Brazilian history to include matters explicitly related to the environment (Chapter VI, Title VII). It not only extends to any citizen the ability to propose a civil legal action in order to prevent some activity that could be harmful to the environment, but it also gives to the states and municipalities the power to control pollution and to preserve forests and natural resources. In 1989, all the environmental state agencies were unified in the Brazilian Institute for Environment and Renewable Natural Resources (IBAMA) and, in 1990, the Secretaria do Meio Ambiente was created and linked to the president with ministerial status.

In the same year, the National Environmental Policy was defined. It introduced important changes, such as the elimination of tax incentives for reforestation<sup>185</sup> and cattle-raising in the Amazon; regulations on the production, trade and use of chemical substances; a register of importers and dealers of metallic mercury; and ordered the metallurgic and pulp plants to create and use their own forests for production needs (Magalhães 1998:65).

Another important regulation was the Environmental Crimes Law (Law 9605 of 1998). According to this law, company responsibility does not exclude personal responsibility. Now directors, administrators, board members, managers, auditors and legal mediators can be criminally prosecuted and punished if they are aware of any criminal act and do not attempt to prevent it. Crimes may be perpetrated against flora, fauna, urban installations, cultural and environmental property, and include damage caused by pollution. The penalties have increased significantly and range from community service to the suspension of activities, and may include fines as high as R\$50 million and/or imprisonment.<sup>186</sup>

Brazilian managers acknowledge that regulatory pressure (existing or potential) is one of the most important factors that encourages improvements in environmental practices and pertinent technological changes. However, other factors also result in innovations. Social pressures can be a key motivation. For example, the Mill Group installed filters to control emissions from its coffee factory before there were any legal requirements. These filters were installed in order to prevent any possible protest from the community against the coffee plant. New business opportunities can also prompt change. The same company intends to buy equipment to recycle plastic bottles from its mineral water factory, motivate clients to collect this polluting material, and sell this sub-product. Glaxo Wellcome and White Martins installed sophisticated systems to purify the water and air that they use because the purity of natural elements is fundamental for their process of production. Glaxo Wellcome uses water for its refrigerating towers and purifies it before use. Since the company was strongly interested in clean water, it donated new filters to CEDAE (the state sanitation company) for a neighbourhood sanitary station.

#### Environment as a new business opportunity

Companies that have adopted CER initiatives generally believe that environmental responsibility is a good way to seek new business opportunities. Young managers, in particular, are showing a greater interest in CER. One explanation is that they are supposedly more culturally sensitive to these issues. Environmental business is considered by some to have great potential as a profitable industrial field: recycling can become a new industrial sector; it is possible to produce foods in an environmentally correct manner (ecological agriculture and industrially processed organic food); ecological tourism is an expanding market; hydroelectric power schemes may become a leisure space; and even the reproduction of protected wild animals may provide business opportunities.

<sup>185</sup> The tax incentives for reforestation had actually encouraged deforestation in so far as companies began clearing forested land in order to "reforest", usually with as few trees as possible to reap the benefit of the tax policy.

<sup>186</sup> IBAMA declined to provide us with data about the type of environmental crimes, number of firms that have been condemned, and punishments that have been applied, because they are considered confidential.

The exploitation of biodiversity is regarded as one field that could yield lucrative results. Ecologists estimate that 23 per cent of all the world's species are located in Brazil. Forty per cent of all medications as well as many cosmetics have their active principle extracted from plants or organisms. The scope for tapping into this potential could increase as a result of a genome project with which Brazil is seriously engaged.<sup>187</sup> But major problems affect this field, notably, a disordered patent system and "biopiracy". At the 1992 UNCED, the Convention on Biodiversity was signed and ratified by 144 countries. It recognizes the sovereignty of each country over the biological resources located in its territory. However, despite this agreement to protect biodiversity, many substances from flora and fauna of developing countries have since been patented (see table 12). Some cases of biopiracy in Brazil have been proved, but because of the lack of appropriate legislation, nobody has been punished (Vomero 2001).

**Table 12: Examples of biopiracy**

Natural resource	Origin	Application	Owner of patent
"Captopril", component of <i>Jararaca</i> snake poison	Brazil	Drug for arterial pressure	Squibb (US)
"Pilocarpina", extracted from the <i>Jaborandi</i> plant	Brazil	Drug used for treating glaucoma	Merck (Germany)
"Rupuninine", derived from the nut of the plant <i>Octocea Rodiei</i>	Brazil	Traditional component of contraceptive	Conrad Gorinsky from the Oxford Ethnobiology Foundation
"Curare", extracted from the plant <i>Chondodendron</i> . Used by native Brazilians to poison their arrows	Brazil	Muscle relaxant	Wellcome, Abbot, Eli Lilly (US)
Extract from <i>espinhara Santa</i>	Brazil	Drug for gastritis treatment	Nippon Metron Japan (Japan)
Extracted from the toad <i>Epipedobates tricolor</i>	Brazil	Anaesthetic	Abbot (US)
<i>Nuña</i> bean	Peru, Bolivia, Ecuador, and Colombia	Used as popcorn	Mark Sterner and Jeffrey Ehlers, passed on to Engineering and Manufacturing (US)

In recent years, some companies have tried to use special natural resources to produce environmentally friendly products, receiving for their effort appropriate recognition from important environmental NGOs. For example, Free Way Boots and Shoes has launched a new shoe line whose crepe sole is made with pure latex from the Amazon and whose leather is treated with *tatino*, a substance derived from tree bark. The financial organization Unibanco launched a new card made with cornstarch and received the green seal from Greenpeace. Producers of rice, tomatoes, beans, jam, compact discs, glass and ceramic objects have agreements with Greenpeace to trade products with the latter's green seal.

In spite of these advances, it is important to observe that CER does not generally imply any significant change to corporate identity. Company identity is an important issue for environmental responsibility because it not only defines the company's position in the market, but also outlines the company's development path and its commitment to solving environmental problems.<sup>188</sup>

<sup>187</sup> Brazil is investing considerable resources in different bio-engineering fields. It was the first Latin American country that deciphered the genome of *Xylella Fastidiosa*, a bacteria that attacks orange groves, and it is decoding the sugarcane genetic code. This ambitious project involves FAPESP (the São Paulo state agency supporting research), 20 laboratories from São Paulo and others located in the states of Alagoas and Pernambuco (Azevedo 2000).

<sup>188</sup> For example, see Joan L. Bavaria, President of Franklin Research and Development Corporation, Co-Chair and CEO of Coalition for Environmentally Responsible Economies (CERES), in AA.VV. (1994:40). She suggests that companies in some industries have to

Most companies still limit their identity to providing commodities to consumers. Few have embraced the notion of satisfying social necessities on the basis of fundamentally new and different investment, production and marketing systems.

#### Investments in environmental technology

In general, Latin American countries started to invest significantly in environmental restoration in the 1990s. Though there are no official statistics, it has been estimated that in Latin America, \$7.2 billion were invested in environmental equipment and services in 1999 (Rose 2000). Although different countries in the region have decreased public investments in this area in recent years, the public sector is still the most important investor, using resources from the World Bank or Inter-American Development Bank as well as federal or state resources. In 1999, the largest environmental markets in Latin America were Brazil (\$2,800 million), Mexico (\$1,700 million), Chile (\$1,200 million), Argentina (\$800 million), with other countries amounting to \$700 million. Imported technology accounts for 50 per cent of these markets, reaching 90 per cent in Central America and a more modest 30 per cent in Brazil, which has established an environmental industry. The environmental technology imported by Brazil comes from the United States, 35 per cent; Germany, 25 per cent; France, 15 per cent; and others (Canada, Japan, Portugal, Spain and the United Kingdom), 25 per cent (Rose 2000).

Sanitation is the branch that makes up 40 per cent of the environmental market in Latin America (50 per cent in Brazil), and specialists estimate that it will increase between 8 per cent and 10 per cent a year in the next five years. Waste management is the second-most-important branch in Latin America (approximately 35 per cent). In Brazil, industries generate 2.7 million tons of hazardous waste every year and they are obliged by law to find an appropriate disposal solution (Rose 2000). However, most of these wastes are stored in the same plants where they are produced because the majority of the companies do not have resources to build waste facilities. Authorities, communities and businesses are worried about the increasing level of industrial waste because of the obstacles that impede proper disposal. The carelessness practised with regard to industrial wastes may end up being far more costly to society than an efficient environmental management system based on current regulations.<sup>189</sup>

Atmospheric pollution is the smallest of the environmental markets in Latin America (18 per cent). Therefore, it should be recognized that on the global level, Latin American countries contribute a minor part of the gas emissions that cause the greenhouse effect and climatic changes. According to the Carbon Dioxide Information Analysis Center (CDIAC), in 1998, average carbon emissions in Latin America amounted to 0.59 thousand metric tons per capita, and 0.49 in Brazil. This compares with 5.30 in the United States and Canada, or 2.50 in Asia (see table 13).<sup>190</sup>

---

challenge their reason for being or their core competencies and they must find solutions by thinking globally and for the long term. She asks, for example, if an oil company, in the long term, is in the oil, fuel or energy business or if an automobile manufacturer is a transportation company.

<sup>189</sup> In Brazil, environmental regulation is found, apart from the 1988 Constitution (Art. 225), in other special laws. Some of the most important are: Lei de Zoneamento Industrial (Law 6803/80, Art. 9); Lei de Política Nacional do Meio Ambiente (Law 6938/81, Arts. 9, 10, 11 and 14); Decreto Federal 96.044/88 (Transportes de Substâncias Perigosas); Resolução CONAMA 6/88 (Licenciamento de Resíduos Industriais Perigosos); Lei de Agrotóxicos (Law 7802/89); Resolução CONAMA 5/93 (Destinação Final de Resíduos Sólidos); Lei de Crimes Ambientais e Infrações Administrativas Contra o Meio Ambiente (Law 9605/98). See Pinheiro (2001).

<sup>190</sup> According to CDIAC, only two countries in Latin America (Mexico and Brazil) appear in the inventory of the top 20 highest fossil fuel carbon dioxide-emitting countries. Mexico and Brazil account for 50 per cent of the 1996 regional total of 337 million metric tons of carbon but neither of these countries emits more than 100 million metric tons of carbon. Per capita emissions of carbon dioxide doubled between 1950 and 1973 but have remained virtually constant since. Total fossil fuel carbon dioxide emissions from Brazil have grown rapidly since the early 1900s except for a short lull during the early 1980s. Emissions have increased steadily since 1984 and reached an all-time high in 1996 at 74.6 million metric tons of carbon, but the per capita emissions rate is well below the global average per capita rate of 1.13 metric tons.

**Table 13: Carbon emissions per capita** (*thousand metric tons*)

Regions and countries	1970	1980	1990	1998
<b>North America</b>				
United States and Canada	5.36	5.40	5.08	5.30
<b>Latin America</b>				<b>0.59</b>
Argentina		1.04	0.92	1.03
<b>Brazil</b>	<b>0.25</b>	<b>0.41</b>	<b>0.37</b>	<b>0.49</b>
Chile		0.67	0.74	1.11
Mexico				1.07
Venezuela				1.82
<b>Europe</b>				<b>2.40</b>
Germany				3.00
Luxemburg				4.97
<b>Middle East and Central Asia</b>				<b>3.70</b>
Kuwait				7.40
Saudi Arabia				3.83
United Arab Emirates				10.23
<b>Asia</b>				<b>2.50</b>
Malaysia				2.85
Singapore				6.46

Source: <http://cdiac.esd.ornl.gov/home.html>.

This lower rate does not mean that Brazilian plants are less polluting than their peers elsewhere<sup>191</sup>; it is more likely related to the size of the Brazilian population, which reduces the value of emissions per capita. In fact, the policies and practices of the majority of companies in Brazil disregard both the “precautionary principle” proposed by Agenda 21, and the “eco-efficiency” concept. Although the market is changing and expanding the field of environmental investment, entrepreneurs remain sceptical and reluctant to respond. Everybody wants the latest technology, but nobody wants to be a pioneer. In fact, they are convinced that the “innovator” will encounter many obstacles when bringing the product to the market. In Brazil, environmental investments have increased, but the adoption of environmental management systems has been limited primarily to some of the largest companies. Entrepreneurs also acknowledge that international environmental agreements have not attained the expected results because of different local conditions and conflicting local interests.<sup>192</sup>

### Water and forests

Generally, one of the most problematic issues regarding environmental responsibility in the productive process is the utilization of scarce or threatened natural resources, or those resources

<sup>191</sup> According to scholars from the Coordenação dos Programas de Pós-Graduação (COOPE-UFRJ), Brazil emits every year 90 million tons of carbon dioxide, 50 per cent of which is emitted by transportation and 15 per cent of which results from export production (Jansen 2002).

<sup>192</sup> The following example illustrates how environmental responsibility is a problematic issue for businesses. The Kyoto Protocol of the United Nations Framework Convention on Climate Change advanced a proposal known as the Clean Development Mechanism (CDM). Since its fundamental goal is to reduce the quantity of greenhouse gases in the global atmosphere by allowing polluter countries to offset their respective emission of polluting gases by financing another country's development of clean technology or the enlargement of forest areas to increase the neutralization of carbon. In this system, a unit of carbon is expected to become a traded commodity: someone that wants to emit may go to the market and buy “shares”. Although the principle seems simple, many questions are raised at the local level, for example, where will such projects be located? Since such an initiative will immobilize a large area for a long time, who will be affected? Is it better to use primary forests or to reforest degraded areas? How will international competition be regulated?

for which indiscriminate exploitation threatens the equilibrium of large natural ecosystems. Water and forests are the natural resources most specifically related to the problematic environmental performance of Brazilian firms and to the negative international image that Brazil has in the environmental field.

Regarding water, there is growing recognition among Brazilian businesses that it is a potential cause of serious conflicts. Since it is not equally distributed in the world and is destined to increase in economic value, it will become the object of trade and greed. In Brazil, 95 per cent of industries use surface water,<sup>193</sup> which is not yet scarce. However, there exist serious pollution problems related to surface water management, and businesses are beginning to acknowledge the necessity for more rational use.

Water is very important to the productive process, because it is directly related to the production of electric energy. Future problems may arise as water resources become scarce. The rationing of electric energy imposed during 2001, officially justified "because of the lack of rain that reduced the productive capacity of hydroelectric plants",<sup>194</sup> shows that Brazil (like all other countries) needs to adjust its productive structure to its environmental conditions. In this regard, significant advances have already been made in Brazil in the last decade.

Hundreds of sugar refineries are preparing to sell electric energy produced by their generators functioning with triturate sugarcane (Collit 2001). Agreements are being made by the electric companies to buy energy from the sugar refineries in the states that produce sugarcane (Pernambuco and São Paulo). Other alternative energy sources, once dismissed, such as wind and biomass, are again being considered because of the current crisis facing hydroelectric power plants that generate 90 per cent of the energy consumed in the country.

Potentially, sugarcane could, according to some estimates, account for only 6 per cent of electric energy. As the president of the Brazilian Society for Energy Planning points out, alternative sources of energy are not an immediate solution for the current crisis, but they will help to mitigate future crises (Collit 2001). Companies must also reduce energy consumption. At the time the research was conducted, for example, Glaxo Wellcome was developing a project to save electric energy by reorganizing its air conditioning and lighting systems, but in ways that will not affect its production and administration activities. Business initiatives in this area are, however, still incipient.

Water pollution is a major problem in Brazil. Experts generally identify the municipal authorities as primarily responsible for water pollution in urban areas because they should have provided their cities with sanitation (Grippi 2001). In fact, research on sanitation by the Instituto Brasileiro de Geografia e Estatística/IBGE (IBGE 2002) shows that 98 per cent of the 5,507 Brazilian cities have some kind of water distribution and garbage collection systems, but only 52 per cent of the cities have sanitation systems.

The second-most-important water polluters are the agricultural industries that use chemical pesticides that contaminate water. Major polluters also include mining activities, many of them illegal. Finally, industry typically pollutes water through waste disposal.

This situation could change to some extent in the future due to a new law (Law 9984), approved in 2000 by the Brazilian president, that created the Agência Nacional de Águas (ANA). It will function in a way similar to the Agência Nacional de Petróleo (ANP), the ANATEL in telecommunications and ANEEL in electric energy. The ANA will be an instrument for managing and

<sup>193</sup> While developed countries are mostly using subterranean water, developing countries generally use surface water. Globally, 70 per cent of water is used for irrigation; 25 per cent by industry; and less than 10 per cent for human consumption. It is important to remember that 1.2 billion people do not have access to clean drinking water.

<sup>194</sup> For a critical analysis of this crisis, see Benjamin (2001). According to this author, the privatization of the Brazilian electricity company is the fundamental cause of this crisis. The public company has been dismembered and the new and different private owners have started to manage their operations independently of one another, trying to maximize their profits as if they were individual companies.

supervising water use. In this way, there are likely to be greater controls on the use and disposal of water and its economic value is likely to increase.

Deforestation is another major environmental problem. Brazil is known as a country that has always resisted regulating the use of its forests.<sup>195</sup> Aspásia Camargo, President of the Associação Biodiversitas, argues that the forest issue is as important to Brazil as the climate issue is to the global society (Federação das Indústrias do Estado de Minas Gerais 1999), and that many businessmen now recognize that forests are essential to control the problems related to the greenhouse effect and that forests are the natural reserve of biodiversity. In spite of this awareness and the 1988 Constitution, which prohibits indiscriminate deforestation, extremely violent aggressions against this natural patrimony are currently committed and they are seldom punished.

Brazil has the third largest area of remaining frontier forest in the world; 3.6 million square kilometres (43 per cent of its total area of 8.5 million) can be considered "frontier" forest. Between 1980 and 1990, Brazil lost its forests at an average rate of 13,000 square kilometres per year and accounted for over one fifth of all tropical forests lost during that time period. Between 1994 and 1995, the annual deforestation rate more than doubled to about 29,000 square kilometres, representing the greatest increase in the rate of deforestation ever recorded. Since then, deforestation rates have returned to the levels of the late 1980s and early 1990s.<sup>196</sup> Legislation restricting deforestation is being challenged. In 2000, Congress considered a bill proposed by the rural elite, that would have reduced the current limit on logging of protected forested areas by one half. While this bill was rejected, a large number of Brazilian agrobusinesses and lumber companies continue to challenge the concept of sustainability.

The Forest Stewardship Council (FSC), which is one of the most respected international non-profit organizations working for sustainable development, had certified 1,046,961 hectares of Brazilian forests by 2001.<sup>197</sup> Regarding ISO 14001 certification, only seven companies operating in the reforestation sector and another seven in the pulp sector had obtained ISO 14001 certification.<sup>198</sup> Brazilian companies usually take between one and two years to obtain ISO 14001 certification, and between two and three years to obtain FSC certification.

In spite of these certification processes, pulp and reforestation companies continue to substitute native forest with exogenous species, such as pine and eucalyptus, in order to satisfy their raw material requirements.

The lumber industry is the most controversial sector. A lumber entrepreneur in the Amazon acknowledged that environmental certifications are a real passport for wood products. However, he argued that the exigency of certification has exposed the majority of the lumber companies to strong criticism by environmental NGOs that could prevent entry to the international market for many Brazilian companies. Lumber businesses reacted to this situation, and to the international certification fee, which they consider exorbitant, by creating their own certification scheme. Supported by the Associação Brasileira de Normas Técnicas (ABNT), the Brazilian ABNT/Certificação Florestal (CERFLOR) promotes a voluntary forest certification system that adopts the following criteria and principles: compliance with forest regulation; respect of water, soil and air; respect and development of local communities; and protection of ecosystems and biodiversity.

---

<sup>195</sup> In Brazil, Portuguese colonizers imposed early environmental regulations that prohibited (as in the homeland) cutting fruit-bearing trees. However, as Magalhães (1998) points out, this country was born under the sign of the wooden cross and the first aggressions were perpetrated against natives and forests.

<sup>196</sup> See [www.rainforestweb.org](http://www.rainforestweb.org); and for data on deforestation rates, see [www.inpe.br/Informacoes](http://www.inpe.br/Informacoes).

<sup>197</sup> See [www.fscoax.org](http://www.fscoax.org).

<sup>198</sup> According to the 1999 Central Enterprises Record of IBGE, there were 4,189,136 enterprises in Brazil, of which 36,608 were from the agriculture, farming, forestry and forestry exploitation sectors. According to the 1999 Annual Survey of Manufacturing Industries of IBGE, there were 14,326 enterprises from the wood manufacturing sector and 1,803 from the cellulose and pulp sector in Brazil.

Several companies from different sectors have projects related to reforestation or park conservation. Companies interviewed for this study cite different motivations underpinning these projects. For example, in 1994 the Mill Group began to reforest the area surrounding its quarry in order to improve the quality of life of the community, to shield the residents from the noise and dust caused by explosions, and to protect the soil and creeks from stone fragments. Similarly, when Glaxo Wellcome moved to a new neighbourhood, it chose a site distant from residential areas and immediately bought the area around the new factory. This area will become a protected nature park. According to the manager, this initiative will increase the visibility of the company in the eyes of society and its clients: "That is a way to help the community and to say: look at us, we are helping you because we hope that you co-operate and do not expand." White Martins is also concerned with deforestation problems. For 10 years, it has supported a sustainable development programme for one of the state parks.<sup>199</sup> Initially, the company intervened to save the forest in order to close the area to non-residents. However it became clear that this solution prevented economic development for the local population. Therefore, the programme was adapted to provide technical assistance for local producers. In contrast to the previous example, this initiative is not directly related to the company's production activities but instead resembles more general CSR action.

## Conclusions

Since the 1970s, diverse segments of the Brazilian business world have adhered to the idea of corporate social engagement. However, the process of democratization of the 1980s was the main driver that guided some business leaders to form networks specifically committed to the social role of firms. The motivations and responses of these diverse business groups are not homogeneous. Their founders emphasized principles of transparency and ethics to regulate both government and corporate behaviour. They also suggested interventions in order to promote the welfare state and to correct distributive mechanisms that concentrated wealth and generated poverty. The spokespersons of these new attitudes were principally the managers of multinationals and the young directors of national firms.<sup>200</sup>

In the early 1990s, the adherence of business to CSR expanded the networks and centralized their role in defining the CSR agenda, which focused more on the reduction of social inequality. In fact, the international repercussions of Brazil's bad business image<sup>201</sup> pushed them to prioritize a few specific areas including poverty, violence, child labour, education and environmental protection. Segments of business, particularly the largest firms in more dynamic sectors, assumed leadership roles in social actions and replaced or complemented their sponsorship of cultural events with activities in areas of recognized need, seeking to substitute for an inefficient or ineffective public sector.

CSR programmes have tended to have the characteristics of "social interventions". These programmes are often designed and developed in the name of the firms, but in alliance with state agencies (at local or state level). These arrangements involve the mediation of business associations, foundations or institutes that were already in place to administer previous philanthropic donations to community programmes. It should be pointed out that philanthropy is not the exclusive domain of business. Surveys by IBOPE in 1998 and ISER in 2000 show that more than 70 per cent of the adult population donates goods and money to institutions or needy people (Anderson 2000).

<sup>199</sup> The Parque do Desingano, located in the state of Rio de Janeiro.

<sup>200</sup> At the same time the process of formulating a new Constitution got under way, resulting in measures that introduced new rights in capital/labour relations, and sought to preserve the environment and reform the state. In the case of citizenship, the Constitution also defined a new principle in the social contract: the universalization of rights.

<sup>201</sup> This negative image devolved partly from high rates of inflation and corruption, including the impeachment of President Collor on corruption charges.

By the mid-1990s, other CSR practices involving social and environmental investments emerged in addition to these social actions and interventions. This perspective is more pragmatic, by and large, deriving from internal pressures to improve production systems. New technology, as well as productivity and competitive pressures have forced companies to reduce costs and losses. This can be achieved to some extent through improvements in worker skills and environmental management. For example, the high rate of work accidents and illiteracy that were previously considered social problems, are now seen as barriers that impede the modernization of the firm. With this understanding, a growing number of large domestic and multinational firms (from traditional sectors, such as construction, metallurgy and chemicals) and the major business associations, with the support of state agencies, have initiated campaigns to prevent work accidents, introduced literacy programmes and training for workers, and adopted environmental initiatives.

The evolution and expansion of CSR (involving philanthropy, social actions and interventions, and social and environmental investments) are only one side of the coin. On the flip side, firms and business associations are pressuring the state to remove workers' rights and standards from universalized mandatory law (the Constitution and Consolidação da Lei do Trabalho) and to make them the object of the bargaining process in the workplace.

Thus, big business is operating in two ways: on the one hand, demonstrating its willingness to adopt specific social actions and portray itself as a social leader; and on the other hand, pushing for the deregulation of universal labour laws as well as cutting back on contracted employment and remuneration.

A process of modernization in the workplace characterized many sectors throughout the 1990s. Opening up to the market, and major foreign capital investments—facilitated by the process of privatization in the state sector—led to changes in production models and management approaches in the face of international competition. These processes revitalized old business complaints about high labour costs and low rates of productivity. In this way, the traditional argument from the era of economic crisis was reinforced—that is, before intervening socially, firms should be competitive in the market and reduce employment levels.

Many firms, large as well as small, are pressured by the demands of workers' organizations and from the different organized sectors of civil society. Workers have enlarged their traditional demands for better working conditions with those of job security, reduction of unemployment and better distribution of income. Taking advantage of institutional decentralization, civil society denounces urban and rural violence and also demands transparency and participation in public budgets and spending. As an outcome of the expansion of citizenship, local institutions and NGOs are demanding and monitoring the implementation of consumer codes, codes regarding children and adolescents, environmental legislation and the organization of municipal councils of participatory budgeting.

The growth of international cultural and political exchanges sharpened, in public opinion, the dissatisfaction with growing social inequality and the persistent gaps in education, health, income distribution, high labour turnover and the increasing unemployment rates. Social sectors are asking businesspeople to contribute to the solution of these problems. At the same time, they promote a range of CSR instruments, such as mandatory social accounting, the campaign for the voluntary social audit, the prize of Citizen Company, and the reports made by the Social Observatory that monitor the reorganization of production and its social impact. The flows of resources and of influence from different social organizations are crucial vectors because they propagate the principle of participation of firms in social goals. However, there is a substantive difference between the trade unions and other organizations in civil society. Trade unions consider business in large part responsible for the deterioration of conditions in the workplace, and, for this reason, unions demand the universalization of labour rights, while other organizations tend to promote voluntary corporate social actions.

Over the past few years, the social interventions of firms, managers and business associations have been reorganized in a new social discourse and more formal proposals. A more dynamic segment of the business world introduced the new motto, social responsibility, and the promotion of “good neighbour networks” involving improved relations between the firm and the community. These were linked to the concept of sustainable development that gained force and legitimacy during the late 1990s. In recent years international environmental and social certifications and other initiatives (such as ISO14001, SA8000 and the Global Compact) have been promoted, associating social and environmental performance as factors of success in a competitive economy. Now, it is argued that the firms that adopt social and environmental practices—both on the shop floor and with the wider community—can gain competitive advantages, increase their market value and improve their image.

Regarding CSR, business practices reveal a paradoxical attitude concerning their relationships with the law. In fact, while firms and business associations increase their voluntary social engagement, they participate in processes of modernization (privatization, consolidation and reorganization) that accentuate the already deficient application of labour rights in the workplace. This is among the traditional mechanisms that firms use to reduce labour costs. In addition, state policies also promote this paradoxical process. Since 1994, based on the justification that it was improving labour market mechanisms and creating employment, the government introduced new regulations of work that reduced workers’ social rights and, during 2001, proposed a bill promoting labour standard flexibility.

Hence, CSR practices exist alongside business practices that feed the high rate of unemployment, the turnover rate and unprotected labour contracts. The current scenario of industrial relations is thus complex: pressures to deregulate increase along with the private social actions of business. It is easy to understand that these programmes, whose voluntary character companies strongly defend, appear fragile and unstable in a period of business reorganization. It is nothing new that, historically, philanthropic practices and social investments are more consistent when companies experience profit growth. The promises of CSR become a major support to the budding enthusiasm that this trend generates in the public agencies that encourage the economic development of businesses. State agencies have neither institutionally defined standards nor formal criteria to evaluate corporate social responsibility, but are willing to favour socially responsible companies, making CSR an even more slippery concept.

On the subject of CSR, entrepreneurs acknowledge that prizes, contests and socially responsible rankings (positive rankings) result in favourable publicity for the brands of the firms that engage in social actions and programmes. They admit that this publicity is part of the competitive strategy of firms. Therefore CSR indicates that companies are seeking legitimacy. It could be a way to clean the soiled image of entrepreneurs and companies that are considered responsible for the concentration of wealth and growing speculation in financial investment. It seems that Brazilian entrepreneurs are using this motto as a tool to restore the climate of trust among workers (at least those who remain after layoffs), to enhance their competitive strategy, and above all, to increase consumer loyalty and community acceptance. In the context of flexible labour markets and the deregulation of labour costs, CSR becomes a means of partially mitigating the social effects of these policies and processes.

Regarding CER in Brazil, any conclusion about the greening of business could result in a simplification or reduction of a complex process that involves different actors and dynamics. Concern for environmental issues is relatively recent in the social conscience and has increased significantly in different sectors of society, including business. But the emergence of a really new culture characterized by a critical and self-critical dialogue between the economy and society on environmental issues is still fragile and even ambiguous.

In the 1980s, the pressures of environmentalist activism that influenced the spirit of the new Constitution were also important in bringing environmental concerns to companies. Other determining factors were the international pressures that led to UNCED in 1992, and the global market’s

new trade regulations and new environmental standards in production. A small group of companies, usually the largest and mostly multinationals, were the first to adhere to CER, showing their proactive attitude and trying to convince their peers and society that environmental concern in business is irreversible. A few remarks could be made about this process.

First, it is difficult to ensure the irreversibility of CER. Since this kind of responsibility depends on legislation and international agreements, new governments can relax their environmental regulations in order to deal with economic crises, or can withdraw from international cooperation if they consider it disadvantageous.<sup>202</sup> In addition, the cultural and economic heterogeneity of entrepreneurs enables interest groups to push for regressive changes in current regulations in the name of economic development, as in the case, for example, of rural entrepreneurs pushing for changes in the limits of forest conservation.

Second, the discourse of CER is ambiguous and even contradictory. When business leaders speak to society, they often refer to the quality of life, environmental conservation and the sustainability of ecosystems and natural resources. When trying to convince their peers to be environmentally responsible, they speak about economic advantages, such as cost reduction and competitive advantages. The positive relation between these two different arguments is neither proven nor necessary, and is possibly incongruous. An example is the membership of biotechnology companies in the CEBDS. Simultaneously, these companies are applying strong pressure on the Brazilian government to suspend the moratoria on the production and trade of transgenic products, ignoring the precautionary principle proposed in Agenda 21.

Finally, the dialogue between companies and the social actors interested in monitoring companies' environmental behaviour is still predominantly indirect, relying on the state (government and Congress) to mediate their respective interests. Only in the last few years have some companies taken the initiative to make agreements directly with environmental NGOs. But it would be hasty to view this attitude as a developing trend because it is as yet scattered and restricted to opportune and localized environmental issues.

There is an important difference in the dynamics of CSR and CER in Brazil. Now as in the past, CSR expresses itself through voluntary initiatives, where companies use their discretion to decide what action to take. CER, on the other hand, is increasingly identified with a regulatory system defined by national laws and international agreements, as well as diverse civil society pressures and certain business opportunities.

## Postscript

In October 2002, Brazilian electors chose Luiz Inácio Lula da Silva (Lula) as their country's new president. Lula was a former metallurgic worker, union leader and founder of the CUT and the PT. His running-mate for vice-president was José Alencar, the owner of the biggest Brazilian textile group, the Coteminas, with 16,000 employees, sales of R\$1.4 billion, and well-known brands like Artex, Santista and Calfat. The worker as president and the entrepreneur as vice-president constructed an alliance that joined the left-wing parties to the centre-right liberal party. This new situation in Brazilian politics is already affecting CSER dynamics.

After 100 days of the new government, it was apparent that CESR policies are being driven not only by voluntary action but increasingly by the state, which has emerged as an important interlocutor, urging companies to integrate their social actions with public policies. The priority social programme of Lula's government is *fome zero* (zero hunger), which has received the support of several companies that make donations or provide services.<sup>203</sup>

<sup>202</sup> If in the United States, where environmental regulation is traditionally quite strong, the Bush administration has done this, then the same could occur in any country.

<sup>203</sup> According to the Web site [www.fomezero.gov.br](http://www.fomezero.gov.br), 15 companies (among others, the multinationals Nestlé, Telefônica, HP Invent, Accor, Tiger Oil, and Telecom S.A.) had signed a partnership contract with this programme (Web site consulted 31 May 2003).

Another important development has been the establishment of the Conselho Nacional de Desenvolvimento Econômico e Social (CDES). This is a consultative body that links the executive to representatives of business, unions, social movements and NGOs in order to facilitate participation and consensual politics about macroeconomic policies and, especially, the reform of social welfare, the tax system and labour laws.<sup>204</sup> The new government considers these reforms necessary in order to promote economic growth, increase employment opportunities, and improve income distribution. CDES has been modelled on similar experiences adopted in other countries in order to carry out structural reforms. The strategic objective of CDES is to make normative and political proposals, and reach agreement on issues that need the consent of different sectors of society.

A third institutional development concerns an initiative that affects the structure of industrial relations. On 30 April 2003, at the request of the Minister of Work and Employment, Lula recalled the bill promoting flexible labour markets (PL 5483/2001). In June, the president and the Director-General of the ILO signed a memorandum establishing a technical co-operation programme in order to create the *Agenda de Trabalho Decente* (Decent Work Agenda), and to set up the National Work Forum in which entrepreneurs, unions and the government will discuss the labour reform proposals.

These initiatives are part of a broader agenda that aims to reinstate universal public policies at the centre of the Brazilian model of socioeconomic development. They signal a break with the previous pattern of economic liberalization that fostered social exclusion, increasing poverty and the concentration of wealth. They are attempting to promote a new culture of social consent and a new relationship between voluntary and governmental regulation. Not only is the state becoming more proactive in promoting CSE, but the corporate responsibility policies and performance of companies will be monitored and evaluated by federal, regional and local governments.

---

<sup>204</sup> This Council belongs to the Secretaria Especial do Conselho de Desenvolvimento Econômico e Social—SEDES (Special Secretariat of the National Economic and Social Development Council), created in February 2003. It is composed of 82 members, 39 of which are from business associations.

## Bibliography

- AA.VV. 1994. "The challenge of going green." *Harvard Business Review*, July–August.
- Associação de Dirigentes Cristãos de Empresas do Brasil (ADCE). 1997. *A História de um Ideal: A ADCE no Brasil: 1961–1996*. São Paulo.
- Akatu Institute. No date. *O Consumo Consciente e a Sua Capacidade de Transformar o Mundo*. São Paulo. [www.akatu.com.br/](http://www.akatu.com.br/), accessed in December 2001.
- Anderson, Carter. 2000. "Corrente de solidariedade mobiliza brasileiros." *O Globo*, 25 June.
- Antiquera, D. 2001. "Fundo de pensão passa a considerar atuação social." *Gazeta Mercantil*, August.
- Azevedo, A. L. 2000. "Genoma da cana põe Brasil à frente na genética." *O Globo*, 21 May.
- de Azevedo Menezes, M. 2001. *Principais Aspectos Jurídicos da Reforma Trabalhista no Cone Sul*. Policy Paper No. 27. Friedrich Ebert Stiftung/Instituto Logosófico de Estudios Superiores (ILDES), São Paulo, May.
- Barbosa Cavalcanti, J.S. (ed.). 1999. *Globalização, Trabalho, Meio Ambiente: Mudanças Socio-econômicas em Regiões Frutícolas para Exportação*. Editora Universitária UFPE, Recife.
- Benjamin, C. 2001. "Gênese, dinâmica e sentido da crise energética brasileira." *Ambiente Global*, E/Revista do UOL.
- Betto, Frei. 1999. "Morra pela boca." *Correio da Cidadania*, September.
- Bianchini, T. 2001. "Pirâmide de lixo." *Ambiente Global*, E/Revista do UOL.
- Bruschini, C. and M.R. Lombardi. 2000. "A polaridade do trabalho feminino no Brasil contemporâneo." *Revista Função C. Chagas*, No. 110.
- Câmara de Comércio e Indústria Brasil-Alemanha. 1999. *Guia de Tecnologia Ambientais do Mercosul: 2000–2001*. São Paulo.
- Câmara de Silva, C.L. 1999. *Ativismo, Ajuda Mútua e Assistência: A Atuação das Organizações Não-Governamentais na Luta contra a AIDS*. UFRJ/IFCS.
- Canclini García, N. 1996. *Consumidores e Cidadãos—Conflitos Multiculturais da Globalização*. Editora UFRJ, Rio de Janeiro.
- Cappellin, P. 2001. "Brazilian companies and social practices." *XXIII International Congress*. Latin American Studies Association (LASA), Washington, 6–8 September.
- Cappellin, P., G.M. Giuliani, R. Morel and E. Pessanha. 2001. "Organizações empresariais em face da responsabilidade social das empresas no Brasil." In C.A. Tibúrcio Silva and F. Souza Freire (eds.), *Balanco Social: Teoria e Prática*. Ed. Atlas, Brasília.
- Cardoso, J.C., Jr. 2001. "Crise e desregulação do trabalho no Brasil." *Texto para Discussão IPEA*, No. 814, Brasília.
- Castro, N.A. and C.S. Dedecca (eds.). 1998. *A Ocupação na América Latina: Tempos mais Duros*. Asociación Latinoamericana de Sociología del Trabajo (ALAST)/Secretaría do Empleo e do Trabalho do Estado de São Paulo, São Paulo.
- Cavalcanti, L. 1999. "Pesquisa mostra países que recorrem à corrupção para conseguir melhores negócios no mercado internacional." *Jornal Correio Braziliense*, 27 October.
- Central Única dos Trabalhadores (CUT). 1996. *Saúde, Meio Ambiente e Condições de Trabalho. Conteúdo Básicos para uma Ação Sindical*. Ministério do Trabalho e Fundacentro, Brasília.
- Chagas de Oliveira, H. 1994. *O Jogo da Malha: Recursos Humanos para a Qualidade*. Ed. J. Olympo, São Paulo.
- Cohen, M., S. Fenn and J. Naimon. 1995. *Environmental and Financial Performance*. IRRRC, Washington.
- Collit, R. 2001. "Brasil busca fontes alternativas para superar crise de energia." *Financial Times*, 28 June.
- Comissão de Valores Mobiliários (CVM). 1992. "Demonstração de valor adicionado." *Parecer de Orientação CVM*, No. 24/92.
- . 1987. "Relatório da administração." *Parecer de Orientação CVM*, No. 15/87.
- Confederação Nacional da Indústria (CNI). 2001. *Relatório da Competitividade da Indústria Brasileira*, Brasília.
- Daly, H.E. 1994. "Fostering environmentally sustainable development: Four parting suggestions for the World Bank." *Ecological Economy*, No. 10.

- Davidson, V.S., D. Worrell and A. Jelly. 1995. "Influencing managers to change unpopular corporate behavior through boycotts and divestitures." *Business and Society*, Vol. 34, No. 2, pp. 171–196.
- Dean, W. 1995. *A Ferro e Fogo: A História e a Devastação da Mata Atlântica Brasileira*. Companhia das Letras, São Paulo.
- Dedecca, C.S. 1999. *Racionalização Econômica e Trabalho no Capitalismo Avançado*. I.E. Unicamp, Campinas.
- Delgado, D.G., P. Cappellin and V. Soares (eds.). 2000. *Mulheres e Trabalho. Experiências de Ação Afirmativa*. Editora Boitempo, São Paulo.
- Deniz, E. (ed.). 1993. *Empresários e Modernização Econômica—Brasil Anos 90*. Editora UFSC, Florianópolis.
- Departamento Intersindical de Estatística e Estudos Sócio-Econômicos (DIEESE). 1997a. *Cresce a Participação da Mulher no Mercado de Trabalho*. São Paulo.
- . 1997b. "Equidade de gênero nas Negociações Coletivas: Cláusulas relativas ao trabalho da mulher no Brasil." *Pesquisa DIEESE* n. 13. São Paulo, November.
- . No date. *Gender Equality in Collective Bargaining. Clauses Relating to Women at Work in Brazil*. [www.dieese.org.br](http://www.dieese.org.br).
- Diário de Pernambuco. 9 July 2000, p. B10.
- Diller, J. 1999. "A social conscience in the global market place? Labour dimensions of code of conduct, social labelling and investor initiatives." *International Labour Review*, Vol. 138, No. 2, 1999, pp. 99–129.
- Donaldson, T. and L.E. Preston. 1995. "The stakeholder theory of the corporation: Concepts, evidences, and implications." *Academy of Management Review*, No. 34.
- Dowell, G., S. Hart and B. Yeung. 2000. "Do corporate global environmental standard create or destroy market value?" *Management Science*, Vol. 46, No. 8, August.
- Economic Commission for Latin America and the Caribbean (ECLAC). 2001. *Statistical Yearbook for Latin America and the Caribbean 2000*. [www.eclac.org](http://www.eclac.org).
- Encyclical Letter Rerum Novarum of the Extreme Pontiff Leon XIII on the Situation of Workers*. 1891. The Vatican. [www.vatican.va/holy\\_father/leo\\_xiii/encyclicals/documents/hf\\_l-xiii\\_enc\\_15051891\\_rerum-novarum\\_sp.html](http://www.vatican.va/holy_father/leo_xiii/encyclicals/documents/hf_l-xiii_enc_15051891_rerum-novarum_sp.html).
- Eskeland, G. and A. Harrison. 1997. *Moving to Greener Pastures? Multinationals and the Pollution Haven Hypothesis*. Policy Research Working Paper, No. 1744. World Bank, Washington D.C.
- Exame. 2000. "Guia da boa cidadania corporativa." Encarte da Revista Exame. Ed. 728, November.
- Federação das Indústrias do Estado de Minas Gerais (FIEMG). 1999. *Congresso Internacional: Meio Ambiente e Oportunidades de Negócios*. FIEMG, Belo Horizonte, August.
- Federação das Indústrias do Estado de Rio de Janeiro (FIRJAN)/Centro Industrial do Rio de Janeiro (CIRJ). 2000. *Proposta da FIRJAN para Democratização das Relações do Trabalho*. Rio de Janeiro.
- Feldman, S., P. Soyka and P. Ameer. 1996. *Does Improving a Firm's Environmental Management System and Environmental Performance Result in a Higher Stock Price?* ICF Kaiser, Washington.
- Fernandes, R.C. 2000. *O que é o Terceiro Setor*. [www.ritz.org.br](http://www.ritz.org.br).
- Fleischer, D. 2001. "The difficult task of measuring corruption in Brazil." *XXXIII Congress International Latin America Studies Association*. LASA, Washington, September.
- Forum de ONGs Brasileiras. 1992. *Relatório de ONGs Brasileiras*. Preparatório para a Conferência da Sociedade Civil sobre Meio Ambiente e Desenvolvimento—Rio 92. Rio de Janeiro.
- Freeman, R.E. 1984. *Strategic Management: A Stakeholder Approach*. Pitman Publishing, Boston.
- Frooman, J. 1999. "Stakeholder influence strategies." *Academy of Management Review*, No. 2, pp. 191–205.
- Frundt, H. J. 2001. *The Impact of Private Codes and the Union Movement*. Paper prepared for Panel SEC41, Reforma laboral y transformaciones sindicales, International Latin America Studies Association's XXXIII Congress, Washington, D.C., September.
- Futema, F. 2001. *Acidentes de Trabalho Provocaram a Morte de 3.605 em 2000*. Folha Online, 11/04/2001. [www1.folha.uol.com.br/folha/dinheiro/ult91u19073.shl](http://www1.folha.uol.com.br/folha/dinheiro/ult91u19073.shl).
- Garcia-Johnson, R. 2000. *Exporting Environmentalism. U.S. Multinational Chemical Corporations in Brazil and Mexico*. MIT Press, Cambridge, Massachusetts.
- Gazeta Mercantil, interview, 21 March 1998.

- Grupo de Institutos, Fundações e Empresas (GIFE)/Centro de Estudos em Administração do Terceiro Setor (CEATS). 1999. *Estratégias de Empresas no Brasil: Atuação Social e Voluntariado*. Núcleo de Coordenação do Programa Voluntários, São Paulo.
- Giuliani, G.M. 2001. "O dilema dos Transgênicos." *Estudos Sociedade e Agricultura*. CPDA-UFRRJ, Rio de Janeiro.
- . 2000. "A questão ecológica, a indústria e o capitalismo." *Raízes*. Universidade Federal da Paraíba, Campina Grande.
- . 1998a. "Sociologia e Ecologia: Um diálogo reconstruído." *Dados*, Vol. 41, No. 1. IUPERJ, Rio de Janeiro.
- . 1998b. "O Movimento dos Trabalhadores Rurais Sem Terra e a Questão Ambiental." *Revista Universidade Rural—Série Ciências Humanas*, Vol. 19/21, Nos. 1–2. UFRRJ, Rio de Janeiro.
- Gonçalves, E. L. 1980. *Balanço Social de Empresas na América Latina*. Pioneira Editora, São Paulo.
- Griffin, J. and J. Mahon. 1997. "The corporate social performance and corporate financial performance debate: Twenty-five years of incomparable research." *Business and Society*, 36 (1), March, pp. 5–31.
- Grippi, S. 2001. "Quem polui mais a água no Brasil?" *Ambiente Global*. E/Revista do UOL.
- Hamilton, J. 1995. "Pollution as news: media and stock market reactions to the Toxics Release Inventory data." *Journal of Environmental Economics and Management*, No. 28, pp. 98–113.
- Harrison, J. S. and R.E. Freeman. 1999. "Stakeholders, social responsibility and performance: Empirical evidence and theoretical perspective." *Academy of Management Journal*, 42 (5), pp. 479–485.
- Hasenbalg, C.A., N. do Valle Silva and M. Lima. 1999. *Cor e Estratificação Social*. Contra Capa Livraria, Rio de Janeiro.
- Henriques, R. 2001. "Desigualdade racial no Brasil: Evolução das condições de vida na década 90." *Textos para a Discussão IPEA*, No. 807, June.
- Hirschman, H. 1970. *Exit, Voice and Loyalty*. Harvard University Press, Cambridge.
- Instituto Brasileiro de Análises Sociais e Econômicas (IBASE). 1999. *Balanço Social e Responsabilidade Social, Experiências Internacionais*. International Workshop, Petrobras-IBASE, Rio de Janeiro, November.
- Instituto Brasileiro de Geografia e Estatística (IBGE). 2002. *Pesquisa Nacional de Saneamento Básico, 2000*. Departamento de População e Indicadores Sociais, Rio de Janeiro, March.
- Instituto de Estudos e Pesquisas em Comunicação (EPCOM). 2002. Porto Alegre. [www.acessocom.com.br](http://www.acessocom.com.br).
- Instituto Ethos. 2000a. *Formulação e Implantação de Código de Ética em Empresas-Reflexões e Sugestões*. São Paulo.
- . 2000b. *Indicadores Ethos de Responsabilidade Social*. São Paulo.
- Instituto de Pesquisa Econômica Aplicada (IPEA). 1996. *Relatório sobre o Desenvolvimento Humano no Brasil*. IPEA/PNUD, Brasília.
- Instituto Sindical InterAmericano pela Igualdade Racial (INSPIR). 1999. *Mapa da População Negra no Mercado de Trabalho: Regiões Metropolitanas de São Paulo, Salvador, Recife, Belo Horizonte, Porto Alegre e Distrito Federal*. INSPIR/DIEESE, São Paulo.
- International Organization for Standardization (ISO). 2003. *ISO Survey of ISO 9000 and ISO 14001 Certificates (12th Cycle)*. [www.iso.ch](http://www.iso.ch).
- Jansen, R. 2002. "Indústria poluente ameaça prejudicar Brasil." *O Globo*, 8 January.
- Jenkins, R. 2001. *Corporate Codes of Conduct: Self-Regulation in a Global Economy*. Programme on Technology, Business and Society, Paper No. 2, UNRISD, Geneva.
- Jones, R. and A. Murell. 2001. "Signalling positive corporate social performance." *Business and Society*, Vol. 40, pp. 59–78.
- Kinlaw, D.C. 1993. *Competitive & Green: Sustainable Performance in the Environmental Age*. Pfeiffer & Company, Toronto.
- Klassen, R. and C. McLaughlin. 1996. "The impact of environmental management on firm performance." *Management Science*, No. 42.
- Korten, D. 1995. *When Corporations Rule the World*. Berrett-Koehler Publishers, San Francisco.
- Latin Business Chronicle. 2001. "The corruption continues." November.
- Lavinas, L. 2001. "Empregabilidade no Brasil: inflexões de gênero e diferenciais femininos." *Texto para Discussão IPEA*, No. 826, Rio de Janeiro, September.

- Levaggi, V. 1999. *Organizaciones de Empleadores en America Latina. Reflexiones desde el Cono Sur*. Documentos de Trabajo, No. 93. Equipo Tecnico Multidisciplinario de Santiago, International Labour Organization, Santiago.
- Magalhães, J.P. 1998. *A Evolução do Direito Ambiental*. Ed. Oliveira Mendes, São Paulo.
- Marcondes, A.W. 2001. "Mídias Ambientais e o preconceito empresarial." *Ambiente Global*. E/Revista do UOL.
- Martinelli, A. 1994. *L'Azione Collettiva degli Imprenditori*. Ed. Di Comunità, Milan.
- Martinez-Alier, J. and K. Schlupmann. 1991. *La Ecología y la Economía*. Fundo de Cultura Económica, Mexico.
- Mattoso, J. and M. Pochmann. 1998. "Mudanças Estruturais e o Trabalho no Brasil dos Anos 90." *Economia e Sociedade*, No. 10. Instituto de Economia (IE) Unicamp, Campinas.
- McCormick, J. 1992. *Rumo ao Paraíso: A História do Movimento Ambientalista*. Relume Dumará, Rio de Janeiro.
- Medeiros, C. and C. Salm. 1994. "O mercado de trabalho em debate." *Novos Estudos CEBRAP*, No. 39, São Paulo.
- Merchant, C. 1992. *Radical Ecology. The Search for a Liveable World*. Routledge, Chapman & Hall, Inc., New York.
- Miguel, J.M. 2001. *Identity, Democracy and Disaffection. The Case of Spain*. University of Massachusetts.
- Ministério da Educação. 2000. "Estatísticas de educação básica no Brasil: Perfil da educação no Brasil." *International Forum of Education*. Dacar, May. [www.mec.gov.br](http://www.mec.gov.br).
- Mitchell, R. K., B.R. Agle and D. Wood. 1997. "Toward a theory of stakeholder identification and salience: Defining the principle of who and what really count." *Academy of Management Review*, No. 4. pp. 853–886.
- Novaes, R. 1998. "Juventude e ação social católica no Rio de Janeiro: Resultados de pesquisa." In L. Landim (ed.), *Ações em Sociedade: Militância, Caridade, Assistência etc.* ISER/ NAU, Rio de Janeiro.
- Nehrt, C. 1996. "Timing and intensity effects of environment investments." *Strategic Management Journal*, No. 17.
- Neumann, D. 2000. "Rotatividade cai 35% nas grandes empresas." *Valor Econômico*, 6 June.
- O'Connor, M. (ed.). 1994. *Is Capitalism Sustainable? Political Economy and the Politics of Ecology*. Guilford Press, New York/London.
- O Globo. 1999. "Pressão contra a propina no Brasil. Inclusão do suborno no balanço acaba e empresas querem moralização." Rio de Janeiro, 28 August.
- de Oliveira, C.A.B. 1994. "Contrato coletivo e relações de trabalho no Brasil." In C.A.B de Oliveira, J.E. Mattoso, J.F.S. Neto, M. Pochmann and M.A. de Oliveira (eds.), *O Mundo do Trabalho: Crise e Mudança no Final do Século*. Scritta, São Paulo.
- Oliveira, R. 2000. "Transparencia Brasil quer reduzir em 10% corrupção no país." *Folha de São Paulo*, August.
- Paes de Barros, R., C.H. Corseuil, R. Domingues dos Santos and S. Pinheiro Firpo. 2001. "Inserção no mercado de trabalho: Diferenças por sexo e consequências sobre o bem-estar." *Texto para Discussão IPEA*, No. 796, Rio de Janeiro, June.
- Pesquisa Nacional de Saneamento Básico—2000, March 2002.
- Petróleo Brasileiro SA (Petrobras). 1999. *SENAMA 99—XI Simpósio sobre Recursos Naturais e Meio Ambiente*. Rio de Janeiro, June.
- Pinheiro, A.F.P. 2001. "Resíduos industriais: A responsabilidade do gerador." *Ambiente Global*. E/Revista do UOL.
- Porter, M. and C. Van Der Linde. 1995. "Green and competitive: Ending the stalemate." *Harvard Business Review*, No. 73.
- Preston Lee, E. and J.E. Post. 1981. "Private management and public policy." *California Management Review*, No. 3.
- Roberts, J.T. and E.A. Stauffer. 2001. *Which Firms Do Corporate Environmentalism? Participation in Responsible Care and ISO 14001 by 619 Firms in Brazil's Chemical Industry*. Mimeo, Tulane University, New Orleans, LA, April.
- Rose, R. 2000. "O mercado ambiental da América Latina." *Ambiente Global*. E/Revista do UOL.

- Rosemberg, F. 1986. "Diagnóstico sobre a situação educacional de negros (pretos e pardos) no estado de São Paulo." *Revista Fundação Carlos Chagas*, 2 v., São Paulo.
- Rosenbaum, J. 2000. *Tendencias Actuales de la Negociación Colectiva en los Países del Cono Sur de America Latina*. Seminario Internacional, Dialogo Social, Tripartitismo e Igualdade de Oportunidades en el Mercosul, OIT/Gobierno de Chile, Ministerio del Trabajo, Santiago.
- Russo, M. and P. Fouts. 1997. "A resource-based perspective on corporate environmental performance and profitability." *Academy Management Journal*, No. 40.
- dos Santos Lima, P.R. 2000. *Responsabilidade Social: A Experiência do Selo Empresa Cidadã na Cidade de São Paulo*. São Paulo.
- Schubert, B. 2001. *Problemas Actuales del Seguro Obligatorio de Accidentes a Escala Mundial*. Asociación Internacional de la Seguridad Social—AISS, 27ª Asamblea General, Estocolmo, Suecia, 9–15 September.
- Scott, S. and V. Lane. 2000. "A stakeholder approach to organizational identity." *Academy of Management Review*, 25, pp. 43–63.
- Silva, M., F.G. Garcia and A.C. Bandeira. 2001. *Evidências Acerca dos Efeitos da Corrupção sobre a Produtividade de Fatores e a Renda Agregada*. Fundação G. Vargas, São Paulo.
- Silva Bento, M.A. 2000. *Ação Afirmativa e Diversidade no Trabalho, Desafios e Possibilidades*. Ed Casa do Psicólogo, São Paulo.
- Soares, S.D. 2000. *O Perfil da Discriminação no Mercado de Trabalho: Homens Negros, Mulheres Brancas e Mulheres Negras*. Texto para Discussão IPEA, N.769, Brasília.
- Standing, G. 1999. *Global Labour Flexibility: Seeking Distributive Justice*. Palgrave Macmillan Publishers Ltd., New York, and Houndmills, Basingstoke, Hampshire.
- Stewart, R. 1993. "Environmental regulation and international competitiveness." *Yale Law Journal*, No. 102.
- Sucupira, J. 2000. *O Que Revelam os Balanços Sociais*. UFF/UFRJ Workshop, Rio de Janeiro.
- Torres da Silva, C.V. 2000. *Entre o Bem Estar Social e Lucro: Historico e Análise da Responsabilidade Social das Empresas Atraves de Algumas Experiencias Seleccionada de Balanço Social*. UFF, Niteroi.
- Ullman, R. 1985. "Data in search of theory: A critical examination of the relationships among social performance, social disclosure, and economic performance of U.S. firms." *Academy of Management Review* (10), pp. 540–557.
- United Nations Global Compact Network. *Global Compact Participants by Country (as of May 29, 2003)*. [www.unglobalcompact.org/content/Companies/list\\_pc\\_290503.pdf](http://www.unglobalcompact.org/content/Companies/list_pc_290503.pdf).
- Utting, P. 2002. "Regulating business via multistakeholder initiatives: A preliminary assessment." *Voluntary Approaches to Corporate Responsibility: Readings and a Resource Guide*. NGLS Development Dossier. NGLS/UNRISD, Geneva.
- . 2000. "UN business partnerships. Whose agenda counts?" *UNRISD News*, No. 23, Autumn/Winter.
- Valor Econômico—Especial. 2001. "Premio valor social, os projetos das finalistas." Rio de Janeiro, 12 June.
- Valor Econômico. 2000. 13 June.
- Vassallo, C. 1998. "Fazer bem compensa?" *Revista Exame*, 22 April.
- Vernon, R. 1992. "Transnational corporations: Where are they coming from, where are they headed?" *Transnational Corporations*, Vol. 1, No. 2.
- Viegas, C. 2001. "Continua a polêmica dos transgênicos." *Estado de São Paulo*. Suplemento Agrícola, 31 October.
- Vieira de Azevedo, A.L. 2002. *Meio Ambiente: como o Empresariado Brasileiro Está se Comportando? O Caso do Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável-CEBDS*. Master dissertation, Programa de Pos-Graduação em Sociologia e Antropologia PPGSA-IFCS-UFRJ, Rio de Janeiro.
- Vogel, D. 1983. "Trends in shareholder activism: 1970–1982." *California Management Review*, 25 (3), pp. 68–87.
- Vomero, M.F. 2001. "Piratas da floresta." *Revista*, November 2001. [www.uol.com.br](http://www.uol.com.br).
- Walley, N. and B. Whitehead. 1994. "It's not easy being green." *Harvard Business Review*, May–June.
- Weaver, G.R. 1993. "Corporate code of ethics: Purpose, process and contend issues." *Business and Society*, Spring, pp. 44–57.

- Wood, D., with R.E. Jones. 1995. "Stakeholder mismatching: A theoretical problem in empirical research on corporate social performance." *International Journal of Organizational Analysis*, No. 3, July, pp. 229–267.
- World Commission on Environment and Development (WCED). 1987. *Our Common Future*. Oxford University Press, Oxford/New York.

## Web Sites

<a href="http://www.amanakaa.org">www.amanakaa.org</a>	Amanaka'a Amazon Network
<a href="http://www.amcham.com.br">www.amcham.com.br</a>	American Chamber of Commerce, São Paulo
<a href="http://www.bndes.gov.br">www.bndes.gov.br</a>	Banco Nacional de Desenvolvimento Econômico e Social ( <i>Brazilian Development Bank</i> )
<a href="http://www.cut.org.br">www.cut.org.br</a>	Central Única dos Trabalhadores ( <i>Unified Trade Union Federation of Brazil</i> )
<a href="http://www.cvm.gov.br">www.cvm.gov.br</a>	Comissão de Valores Mobiliários ( <i>Securities and Exchange Commission of Brazil</i> )
<a href="http://www.cebds.com/index.html">www.cebds.com/index.html</a>	Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável ( <i>Brazilian Business Council for Sustainable Development</i> )
<a href="http://www.diesse.org.br">www.diesse.org.br</a>	Departamento Intersindical de Estatística e Estudos Sócio-Econômicos ( <i>Inter-Union Department of Statistics and Socio-Economic Studies</i> )
<a href="http://www.fomezero.gov.br">www.fomezero.gov.br</a>	( <i>Food security and fight against hunger</i> )
<a href="http://www.fsc.org/fsc">www.fsc.org/fsc</a>	Forest Stewardship Council
<a href="http://www.gife.org.br">www.gife.org.br</a>	Grupo de Institutos, Fundações e Empresas Brasil ( <i>Group of Institutes, Foundations and Enterprises Brazil</i> )
<a href="http://www.akatu.com.br">www.akatu.com.br</a>	Instituto Akatu
<a href="http://www.ibase.org.br">www.ibase.org.br</a>	Instituto Brasileiro de Análises Sociais e Econômicas ( <i>Brazilian Institute of Social and Economic Analyses</i> )
<a href="http://www.ethos.org.br">www.ethos.org.br</a>	Instituto Ethos
<a href="http://www.inpe.br/Informacoes/">www.inpe.br/Informacoes/</a>	Instituto Nacional de Pesquisas Espaciais
<a href="http://www.nwf.org">www.nwf.org</a>	National Wildlife Federation
<a href="http://www.ipea.gov.br">www.ipea.gov.br</a>	Instituto de Pesquisa Econômica Aplicada ( <i>Institute of Applied Economic Research</i> )
<a href="http://www.procon.sp.gov.br">www.procon.sp.gov.br</a>	Secretaria da Justiça e da defesa da Cidadania
<a href="http://www.transparency.org">www.transparency.org</a>	Transparency International
<a href="http://www.unglobalcompact.org">www.unglobalcompact.org</a>	UN Global Compact
<a href="http://www.rainforestweb.org">www.rainforestweb.org</a>	World Rainforest Information Portal



## UNRISD Programme Papers on **Technology, Business and Society**

- PP TBS 14      **The Political Economy of Corporate Responsibility in Brazil: Social and Environmental Dimensions**  
Paola Cappellin and Gian Mario Giuliani, October 2004
- PP TBS 13      **Barricades and Boardrooms: A Contemporary History of the Corporate Accountability Movement**  
Jem Bendell, June 2004
- PP TBS 12      **Waking Up to Risk: Corporate Responses to HIV/AIDS in the Workplace**  
Jem Bendell, October 2003
- PP TBS 11      **The Political Economy of International Communications: Foundations for the Emerging Global Media Debate about Media Ownership and Regulation**  
Robert W. McChesney and Dan Schiller, October 2003
- PP TBS 10      **Technology and Transformation: Facilitating Knowledge Networks in Eastern Europe**  
Jonathan Bach and David Stark, October 2003
- PP TBS 9        **The Riddle of Distance Education: Promise, Problems and Applications for Development**  
Judith Adler Hellman, June 2003
- PP TBS 8        **Enjeux et rôle des nouvelles technologies de l'information et de la communication dans les mutations urbaines: Le cas de Touba (Sénégal)**  
Cheikh Guèye, mai 2003
- PP TBS 7        **Les émigrés sénégalais et les nouvelles technologies de l'information et de la communication**  
Serigne Mansour Tall, mai 2003
- PP TBS 6        **Corporate Social Responsibility in Indonesia: Quixotic Dream or Confident Expectation?**  
Melody Kemp, December 2001
- PP TBS 5        **Regulating Large International Firms**  
E.V.K. FitzGerald, November 2001
- PP TBS 4        **The Development Divide in a Digital Age: An Issues Paper**  
Cynthia Hewitt de Alcántara, August 2001
- PP TBS 3        **Corporate Environmental Responsibility in Singapore and Malaysia: The Potential and Limits of Voluntary Initiatives**  
Martin Perry and Sanjeev Singh, April 2001
- PP TBS 2        **Corporate Codes of Conduct: Self-Regulation in a Global Economy**  
Rhys Jenkins, April 2001
- PP TBS 1        **Les technologies de l'information et de la communication et le développement social au Sénégal: Un état des lieux**  
Olivier Sagna, janvier 2001

