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SUBJECT AREA: ORGANIZATIONAL STRATEGY AND BEHAVIOR

Corporate Social Responsibility and labor relations: a research agenda about internal stakeholders management in UN's global compact signatory corporations

Empresarial e Relações de Trabalho: programa de pesquisa sobre gerenciamento dos stakeholders de empresas signatárias do pacto global da ONU

Responsabilidad Social Corporativa y relaciones laborales: agenda de estudio sobre la gestión interna de los stakeholders en corporaciones signatarias del pacto mundial de la ONU

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ABSTRACT

Literature often presents the concept of Corporate Social Responsibility (CSR) in association with the idea of Business Ethics. In this article, we saw the need to elaborate a theoretical model of Business Ethics that was capable of guiding research on Corporate Social Responsibility practices aimed at organizations' internal public. To this end, we analyzed different Business Ethics

fields – namely Responsibility Ethics, ethics that reaffirm the principle of humanity and ethics that generate conventional morality, so as to avoid automatic associations with the idea of Corporate Social Responsibility. The theoretical dialogue of these two major constructs (Business Ethics and CSR) with the field of Labor Relations is dealt with in accordance with these three dimensions of ethics. To find out how a company that desires

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to be socially responsible relates to its employees, there are indicators that are strongly related to key aspects of labor relations, as shown by the UN's Global Compact Agenda. This interface produced the methodological guidelines that conducted research data collection and analysis, pointing out important challenges in this agenda, as well as serving as a basis for further studies in this field.

Keywords: Business ethics. Corporate social responsibility. Global compact. Internal stakeholders. Labor relations.

RESUMO

A literatura muitas vezes apresenta o conceito de responsabilidade social empresarial (RSE) em associação à noção de ética nos negócios. Neste artigo, vimos a necessidade de construir um modelo teórico de ética nos negócios que pudesse orientar a pesquisa sobre práticas de responsabilidade social empresarial voltadas ao público interno das organizações. Para tanto, analisam-se diferentes correntes da ética nos negócios, a saber: ética da responsabilidade, ética afirmativa do princípio da humanidade e ética que gera uma moralidade convencional, de forma a se evitar associações automáticas com a noção de responsabilidade social empresarial. O diálogo teórico desses dois grandes constructos (ética nos negócios e RSE) com o campo das relações de trabalho é abordado de acordo com essas três dimensões da ética. Para verificar como uma empresa que deseja ser socialmente responsável se relaciona com seus trabalhadores, existem indicadores que estão fortemente relacionados a aspectos-chave das relações laborais, apontadas pelo Pacto Global das Nações Unidas. Essa interface produziu as diretrizes metodológicas que dirigiram a coleta e a análise dos dados da pesquisa, apontando importantes desafios nessa agenda e servindo de base para novos estudos nesse campo.

Palavras-chave: Ética nos negócios. Responsabilidade social empresarial. Pacto global. Global compact. Stakeholders internos. Relações de trabalho.

RESUMEN

La literatura en general presenta el concepto de responsabilidad social e las empresas (RSE) en asociación con la noción de ética en los negocios. En este artículo, vimos la necesidad de construir un modelo teórico de la ética en los negocios que oriente las prácticas de investigación de la responsabilidad social corporativa de las organizaciones públicas internas. Para ello, se analizan diferentes corrientes de la ética en los negocios, a saber: ética de la responsabilidad, ética de los principios de la humanidad y la ética que genera una moral convencional, con el fin de evitar asociaciones automáticas con la noción de responsabilidad social corporativa. El diálogo teórico de estas dos construcciones principales (de ética en los negocios y de la RSE) con el campo de las relaciones laborales se tramitarán en conformidad con estas tres dimensiones de la ética. Para comprobar cómo una empresa que quiere ser socialmente responsable se relaciona con sus trabajadores, hay indicadores que están fuertemente relacionados con los aspectos clave de las relaciones laborales, indicado por el programa de Pacto Mundial de las Naciones Unidas. Esta interfaz ha elaborado directrices metodológicas que dirigen la recopilación y análisis de datos de la investigación, señalando los retos importantes de este programa, además de servir como base para futuros estudios en este campo.

Palabras clave: Ética en los negocios. Responsabilidad social de las empresas. Pacto mundial. Stakeholders internos. Relaciones laborales.

I INTRODUCTION

This article is based on partial results of research underway entitled Discourse and practice of social responsibility: a study about management of the internal stakeholders at signatory companies of the UN's Global Compact Agenda. Its objective is to present a synthesis of the theoretical foundations that guided the choice of methodology of investigation and anticipate some resulting hypotheses.

The literature review of corporate social responsibility (CSR) revealed that this concept has been constantly associated to that of ethics. From this finding, we observed the need of a Business Ethics (BE) theoretical model capable of guiding research on CSR, in order to avoid creating an idealization of the concept. Often, the ethical character of isolated organizational initiatives is generalized to all of the company's actions, creating an abstraction that leads one to believe that companies that develop a social or environmental project, for example, are necessarily ethical companies. The theoretical dialogue between BE, CSR and Labor Relations (LRs) is dealt with in the first three parts of this article.

To check how a corporation that intends to be socially responsible deals with one of its stakeholders – in this case, its employees –, there are indicators that are closely linked to key aspects of Labor Relations, and these aspects are pointed out by the UN's *Global Compact Agenda*. Latin America is the least studied region when we discuss CSR according to Visser (2009).

The interface between BE, CSR and LRs produced the methodological guidelines that guide data collection of the research underway, which we discuss in the fourth part of this article. We consider these guidelines useful to new research in the area.

In the fifth and last section of this article we analyze the findings of our research about the impacts of CSR on Labour Relations, which are:

- positive, such as the advancement of CSR programs in providing indirect benefits to employees; advances in combating discrimination within the workplace; advances in combating child labor throughout the productive chain;
- negative, such as the lack of integration between “external” and “internal” CSR programs; the restriction of employees' participation in teamwork decisions; the lack of a direct correlation between being a signatory company of the *Global Compact Agenda* and in fact adopting socially responsible attitudes.

2 THE CORPORATE SOCIAL RESPONSIBILITY CONCEPT

It is commonly said that the Corporate Social Responsibility (CSR) concept is still being elaborated (ASHLEY, 2002). In this process, we recognize its origin associated to philanthropy and its later effort to articulate itself in the ethical actions of the company towards its several stakeholders.

For Srour (2002), a socially responsible company is one that is ready to accept the consequences of its actions and has a sense of obligation both towards its internal stakeholders (its employees) as well as towards the external community. The author defines the responsible company as the one that society can trust and that has an ethical posture.

Lunheim (2002) also emphasizes that CSR includes questions related to human rights, work, community relations and the relationship between suppliers and consumers. For this author, the socially responsible company creates (ethical) organizational values and seeks to improve the social conditions of people affected by its actions.

Oded Grajew, business leader of the Ethos Institute (*apud* BERNADI, 1999), believes that CSR involves ethics in all attitudes of organizations and their relations to their several stakeholders - employees, suppliers, clients, the market, the government, the environment and the community. Grajew emphasizes that “ethics is not discourse”: it must be translated into concrete action when it is time to choose products, manufacturing processes, and human resources policies.

Melo Neto and Froes (1999, p. 90) set down the concept formulated during the meeting of the World Business Council for Sustainable Development, understanding CSR as the “permanent commitment of business people to adopting ethical behavior and contributing to economic development, simultaneously improving the quality of life of its workers and their families, of the local community and society as a whole”.

A similar concept is presented by Toldo (2002, p. 101), for whom CSR recovers the social function of the company – “the promotion and quality of the relationship of the several stakeholders of the company with practices that respect people, the community and the environment, towards the construction of a more just society (...)”.

Apart from the association between CSR and ethics, we also observe a strong relationship between these concepts and the obligation of the corporations to work for the improvement of social welfare (FREDERICK, 1994). Wartick & Cochran (1985) point out the two main premises of this concept:

- (1) there is a contract between organization and society that is a means by which the behavior of the business conforms to the objectives of society;
- (2) business plays the role of “moral agents in society reflecting and reinforcing its values” (COUTINHO; MACEDO-SOARES, 2002, p. 78).

Following this same line of thought, Bowen (1957) considered CSR, when the concept was first used, as “the obligation of business people to adopt policies, make decisions and follow desirable action plans according to the objectives and values of society”.

The same approach can be seen in the definition of Ashley et al (2000, p. 6), for whom CSR is the commitment an organization must have towards society or a specific community, expressed by means of actions that affect it positively, “acting proactively and coherently in what concerns its specific role in society and its accountability towards it”.

Guimarães (1984, p. 215), when explaining that the concept of CSR is associated to the idea that companies must be held responsible for the consequences of their actions, also emphasizes that “the social responsibility model should be the result of a concern in linking economic development to the development of the quality of life of society”.

Oliveira (1984, p. 205) adds a strategic touch to the social dimension of CSR: “social responsibility is the capacity of a company to collaborate with society, considering its values, rules, and expectations to reach its objectives”.

From this multiplicity of concepts we are able to recognize some common points as well as some divergent ones. The common points allow us to suggest that the construction of the concept has evolved significantly. Although true that it is not completed yet, it is also true that it is beyond the design phase. The divergent points, not quite a contradiction, reveal the possibility of different blueprint alternatives. Taking the analogy further, we can say that the Corporate Social Responsibility building is already standing. However, the blueprint of each of the floors is flexible and allows different alternatives and layouts, according to the public and the stakeholders involved.

The common points that are evident in the literature review carried out are: the association with the concept of ethics; the need to involve all stakeholders, both internal and external; the importance of linking the concept to all the company's actions (the esoteric, with an *s*, condition) and the need for all stakeholders to effectively participate in the process as valid and active interlocutors.

The divergent points refer mainly to the social character of corporate responsibility. For some authors, the concept is linked to the company's action towards the community, seeking to minimize social inequality and promote social well-being. For others, the social responsibility of the company is not only social, but also ethical and includes everyone. Such approaches are not mutually exclusive and allow us to conclude that actions in relation to the community represent only one of the aspects of corporate social responsibility with a specific stakeholder, the community.

Therefore, we propose a conceptual architecture for the CSR building, based on four main foundations: ethics, the stakeholders,

the esoteric condition, and participation. The importance of joining the concept to all of the company's fields of action lead us to the esoteric condition, a concept whereby the ethically committed company is itself an example and witness of what it claims.

This building can be divided into floors, one for each group of company stakeholders, both inside and outside the company. Each one of these floors can be seen as a cross-section for research. Necessary communication between the different floors represents what Ashley (2002) called organization in networks. For the author, expanding the discussion of social responsibility beyond corporate boundaries means adopting a perspective directed towards the sustainability of the concept itself, since it exposes the need for a real network of businesses that incorporates the multidirectional concept of CSR in all relationships with stakeholders associated to this network. We thus have the concepts of social responsibility and social performance of the stakeholders, both necessary for the emerging systemic view of the networks of stakeholders.

The foundations proposed for the social responsibility building lead us to the field of Business Ethics, where we look for a frame of reference that will allow us to talk about ethics in the business context, not as a mere variable of corporate process, but as a structural cornerstone of management committed to values and principles.

3 ETHICS IN BUSINESS: A REFERENCE MODEL

Reflection upon CSR cannot be disassociated from reflection upon Business Ethics (BE) understood as an academic field of research and reflection upon ethics in organizations. Therefore, we seek to provide a referential model of BE that guides the reflection and reviews corporate social responsibility. As an applied field of ethics, BE is based on ethical theories that must be rooted in the context of the companies. In order to present it, we describe the triple referential proposed by Lozano (1999) and add our own contributions.

We define Business Ethics as an academic discipline that studies business from an ethical point of view (DE GEORGE, 1991, p. 43). As such, it demands an integrated articulation between its two components: ethics and the company (PATRUS-PENA; CASTRO, 2010). According to the model proposed by Patrus-Pena and Castro (2010), based on Lozano (1999), Business Ethics (BE) must have a triple ethical frame of reference whose dimensions are mutually articulated (Figure 1). BE must be, at the same time, an *ethics of responsibility*, attentive to the consequences of its actions, an *affirmative ethics of the principle of humanity (ethics of conviction)*, attentive to the dignity of the human being recognized as a valid interlocutor, and an *ethics that generates conventional morality (ethics of virtue)* attentive to the development of the subjects in making certain goods through shared practice (LOZANO, 1999:204).

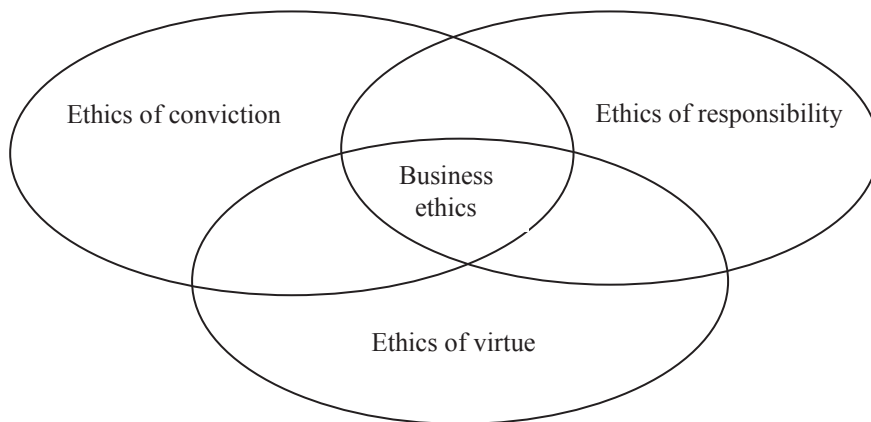


Figure 1 – Referential Framework of Business Ethics.

Source: Patrus-Pena (2010, p. 33).

These three dimensions must be integrated in BE, and they lose their dynamism when treated separately. When this is so, *responsibility* is reduced to a “consequentialism” that ignores both the criteria and aims that make it intelligible as well as the attention to the subjects who act; *humanity* is reduced to the affirmation of abstract principles, insensitive to context, indifferent to consequences and ignorant of the concrete subjects; *conventional values* are reduced to a cultural identity closed upon itself, impermeable to criticism, without considering its responsibilities (LOZANO, 1999).

3.1 The ethics of responsibility

The ethics of responsibility, the first cornerstone of BE's ethical frame of reference, has its assumptions rooted in the principle of responsibility, whose main reference is Jonas (1995). According to Jonas (1995), in the current technological era, where mankind's power has reached a dimension and implications that are still unimaginable, with the imminent possibility of even destroying or changing life on the planet, it is necessary that the magnitude of the power of science (and here we add the power of the corporation) be followed by a new principle, one of responsibility. According to the author, the threat of extinction of humanity itself cannot be compared to any past experience, and therefore the existing ethics are not enough to guide us. The actions of companies affect the future, often with the dimension of irreversibility. All of this puts corporate social responsibility at the center of ethics.

Dealing with the ethics of responsibility (BARBIERI; CAJAZEIRA, 2009) in the frame of reference of BE can be made operational by dealing with its stakeholders. According to Clarkson (1995), corporations manage their relationship with stakeholders and not with society. The perspective of responsibility of the company is articulated through the analysis of the stakeholders because it is in relation to them that responsibilities are put into practice. The analysis of the stakeholders is the practical procedure used to establish the consequential

dimensions of an ethics of responsibility. The concept of stakeholders does not take into account the environment and future generations, which are also affected by the corporation. We therefore consider them as stakeholders applying a future use of the term.

Future generations are not a stakeholder to whom companies relate. Similarly, the environment is not a stakeholder; strictly speaking, it cannot be called a stakeholder, unless we expand the term symbolically.

Freeman (1984, p. 54) was the pioneer in defining stakeholders: “a stakeholder in an organization is (by definition) any group or individual that can affect the execution of the objectives of the organization or can be affected by this consequence”. Freeman's definition (1984) is considered too broad, since it permits an infinity of stakeholders, even climatic factors (MITCHELL; AGLE; WOOD, 1997) or the atmosphere and even inanimate beings such as rocks (STARIK, 1994). We can notice, nevertheless, in this conception a two way road between the organization and the stakeholders, considered as passive agents (affected by the company) and active (that affect the company) at the same time.

Hereon, we accept Goodpaster's proposal (1991, p. 55), reiterated by Lozano (1999, p. 135), that the introduction of stakeholders' analysis in a companies' direction is not necessarily the same as introducing ethics into these decisions. Lozano (1999) warns us that there is a tendency towards seeing organizational interrelations only in terms of interests, without recognizing stakeholders as interlocutors. It is usual to talk about stakeholders, but they are not invited to be heard; there is no organizational dynamics that gives them a voice. If we consider the meaning of the word responsibility as a consequence, on one hand, and as “responsiveness” (term proposed by WOOD, 1991), on the other, we can see that it is possible to hear the stakeholders before they complain. In Brazil, workers, who make up the stakeholders called internal stakeholders and are the object of our study, have a past history that is very close to the reality of being part of the companies'

discourse as “partners”, “collaborators”, without in fact being heard, without being allowed a decisive participation in the company’s life. Within this perspective, we understand stakeholder participation as an essential element of a socially responsible management.

3.2 Affirmative ethics of the principle of humanity: ethics of conviction

For Lozano (1990), the affirmation of an ethics of humanity can be explored by considering the self-regulation processes with which companies have devised and thoughtfully constructed their values, purposes and criteria of action. This reflective moment is essential so that the relationship with the stakeholders has an ethical dimension. Otherwise, the analysis of the stakeholders has nowhere to go because the business does not know its ethical purposes nor its subject who, personally and professionally, develops with this inter-relationship (LOZANO, 1999, p. 205). Likewise, if the analysis of the ethics of humanity is not articulated with the ethics of responsibility and with the organizational culture, it becomes an inadequate discourse for setting the character of the organization.

To Lozano’s (1999) contribution we add the considerations of Küng (1999) in his effort to devise a planetary ethos resulting from a worldwide consensus, and the contributions of Cortina (1992) about civic ethics, from her considerations about the communicative ethics of Apel & Habermas. We also employ the Kantian ethics whose practical reason applies the categorical imperative as a duty that expresses the need and universality, that is, the determination of will over reason and the validity of the imperative for all. We articulate, therefore, an ethics of humanity based on human duties/rights and which is the political objectification of the idea of respect towards humanity. Our object of research discusses exactly companies that signed the *Global Compact* Agenda of the United Nations, which is nothing more than a code of conduct based on

universal human rights (such as the abolition of slave and child labor, the acceptance of the right of union organization, non-discrimination inside the company and principles of environmental conservation).

One of the risks regarding the dimension of an ethics of humanity as a theoretical BE frame of reference is that of not always presenting itself in a manifest way and being diluted in the decision-making processes. According to Lozano (1999), organizations do not act directly with the principle of humanity, except when they become autonomous and recognize the other as an interlocutor in its processes of defining criteria, values and corporate ends. Many times, the decision does not explicitly spell out the criteria and values that guide it. This is an internal moment, not necessarily visible.

In sum, as with the ethics of responsibility, the affirmation of an ethics of humanity is both a necessary dimension and insufficient for defining the frame of reference of BE. Thus, the ethical codes are not self-sufficient for the incorporation of ethics in the company. There are so many motivations for behavior that the ethical code will be only one of the influences received by the employees, as pointed out by Warren (1983, p. 187).

Therefore, both the process of formulating a code of ethics as well as its everyday dynamics in the company must be incorporated into the firm purpose of developing the company’s ethics. There is no doubting the legitimacy of a company trying to increase its benefits and avoid problems; however, it must not close itself off nor try to increase its perspectives for the environment where it operates. Here, it is important to point out a distinction between a company’s esoteric condition and a posture of closing itself off. The esoteric condition means the company begins from within itself, carrying out its own internal procedures as an example and witness of virtue, and only then extending it to the community and humanity. A posture of closing itself off is simply the company or sector following conventional

norms and regulations. The esoteric condition is an arrow that departs from the center of the company and is projected outwards. The closed posture is nothing more than a segment of a line limited to itself.

If we accept the esoteric condition as a constituent element of BE, we can adopt it as a differential between an ethics that structures all of the organizational process and a strategy that takes ethics into account only as a requirement of the external environment. Ethics, when seen from the inside out, illuminates each of the organizations' dimensions which become strategic to serve the ideal of constructing correct organizational practices.

The effort to universalize the maxims, subjective principles of action, valid only for those who propose it, (KANT, 2002) present in companies' ethical codes would lead us to formulate categorical imperatives, objective practical principles, that are, valid for all. (KANT, 2002). Therefore, the deontological criterion for normative reflection upon the company's actions could be formulated in terms of Kant's categorical imperative. In other words, a company's ethical codes are an appropriate place to raise imperatives that intend to be universal, and can be a place to express normative requirements in Kantian terms. In the realm of the company the values established in the company's ethical codes have universal (for all participants and stakeholders) and necessary validity since it is a free affirmation of the direction that shall guide the behaviors and decisions inside the company. The company's ethical code must therefore guide the dimension of the duty of the company and in the company (FRANCÉS et al., 2003). The search for economical results, one of the company's objectives, will find in the ethical codes limits to the fulfillment of its actions. The codes define the limits of corporate ambition. If this is not so, they tend to be decorative figures.

3.3 The ethics that generates conventional morality: ethics of virtue

The third vertex of BE's ethical frame of reference is rooted in the corporate culture,

as a structuring element of an ethics of the organization. According to Solomon (2001, p. 35), ethics in business, as in most areas of ethics, takes into account the principles that found the act, the act itself and the consequences of the act. Such dimensions are contemplated by the deontological and consequential vertices, that we presented in the previous paragraphs. Nevertheless, Solomon insists that "traditional moral theory omits something essential in the explanation of our moral lives that the ethics of virtue comprehends" (SOLOMON, 2001, p. 36). For the ethics of virtue, the center of attention is not so much in the principles or consequences of the act, but in the character of the person, or in the characteristics of character expressed in this or other acts: one's virtues.

The problem that is raised, when an Ethics of virtue is employed to understand business ethics, is that the good intention of the participants is not enough to affirm the ethics of an organization. The premise that fair people make the organization a fair organization is not true (fallacy of composition). We consider then that the organization must have resources and means to implement its ethical values, which will depend on the willingness of the participants, especially of the top executives, to act according to the values and criteria firmed. For example, we talk about the internal stakeholders, object of our study, it is not enough for the company to have in its ethical code non discrimination: the company must have an accessible way for workers who are victims of racism to inform the fact confidentially, without harming themselves or the accused person until everything is investigated. Therefore, we can affirm that virtue exists only in praxis, that is, in effective action. This is the meaning of the word conventional. To create a conventional morality is to reinforce the virtuous circle between the actions of people and the constitution of an ethos, which in turn, reinforces individual behavior.

From this perspective, we consider the ethics of virtue a complementary and necessary dimension for the ethical frame of reference of BE. By itself, it seems insufficient; so beside the argument of the fallacy of composition, it would

change the focus of BE to the individual, which would go against the requirement that the company must be the focus of BE (LOZANO, 1999). Thus, we understand the ethics that generates conventional morality as the third coordinate in the ethical frame of reference.

The cultural dimension of the ethical frame of reference cannot therefore forget praxis. There is no custom without the repetition of actions of individuals. It is exactly because of this that Lozano considers that the entrance of Aristotle in BE has been the organizational culture: “the Aristotelian BE sees actions and decisions as an expression of the character and habits of individuals in their organizational context” (LOZANO, 1999, p. 194). Reference to the individual should be present at some time in the frame of reference of BE. To think of the individual out of his/her context would result in a theoretical effort of little practical application, but to think of him/her within the dialectics of habit-custom, in a cultural dimension, allow us to understand the importance of the organizational culture in the acts of people and in the acts of people in the company culture.

Next, we discuss the interface between Labour Relations and corporate social responsibility, object of our study that brought this article about, leading us to the space related to the internal stakeholder, to the workers of the company, and the relationship between the two, and to the practices of people management focused on these aspects.

4 THE INTERFACE BETWEEN LABOR RELATIONS AND CORPORATE SOCIAL RESPONSIBILITY

As emphasized above, for Melo Neto and Froes (1999, 2001), the exercise of internal social responsibility focuses on the internal group of the company, that is, its workers, object of our study. The authors emphasize the main actions of this type that are carried out by companies:

- investments in the well-being of employees and their dependents: respect of workers’ rights, preservation of personal privacy,

freedom of expression in defense of one’s rights, programs of remuneration and participation in the results, assistance in the medical, social, dental, food and transportation areas.

- investments in the qualification of employees: internal training and professionalization programs; programs for financing external courses whether regular or not done by employees seeking greater professional qualification and or obtaining minimal schooling.

Internal social responsibility encompasses also, for Melo Neto and Froes (2001), areas such as management of work, management of the work environment, management of the social relevance of the work life and management of workers’ rights.

Management of work involves questions related to the length of the workday, the distribution of the work-load, the creation of new forms of work organization, the designing of jobs and positions, material and equipment, development of abilities and skills, management of benefits and remuneration, payment of dividends and medical-dental assistance.

The management of the work environment, in its restricted sense, involves actions to improve the work environment (atmosphere, culture, physical environment, ergonomic aspects, stress) integration, relationships and participation.

The management of the social relevance of the work life includes the vision of the employee in regard to the image and practice of corporate social responsibility, the quality of its products and services, and its appreciation and participation at work. The management of work and “total life space” includes aspects such as the balance of work and personal life.

The management of workers’ rights involves labor rights, the preservation of the personal privacy of employees, the freedom of expression of workers inside the company in defense of his/her rights. It also includes the

management of growth and personal development of employees, career perspectives and safety at work. (MELO NETO; FROES, 2001)

According to Vergara and Branco (2001, p. 22), a socially responsible company is synonymous with a “humanized” company, that is, “it is the company that is geared to its workers and/or the environment, trying to add other values besides only the maximizing profits and returns for its shareholders”. For the authors, the humanized company carries out actions that improve the quality of life at work, besides fulfilling its labor obligations. For Cheibub & Locke (2002, p. 290) a socially responsible company, from an internal point of view, is a good employer, that is, a company that assures an atmosphere of fairness in Labour Relations, treats its workers as moral persons who deserve respect and consideration and pays salaries that permit a reasonable standard of living.

One of the complicating aspects of the social actions of companies is that often they intervene in the community and society in general without consistent actions having taken place within the company. If, with the changes in the work life that have happened over the last decades, workers have seen several of their social accomplishments regressing, as Antunes (1999) points out, more modern management strategies have been guided by the frequent practice of massive layoffs and outsourcing (DAVIS, 1999; WOOD JR., 2002), which greatly diminish job security and accentuate the fragility of social achievements in the sphere of managerial practices focused on the internal stakeholders. Therefore, social investments in the community and in defense of expanded social rights can coexist with a regression in work conditions, in the salary structure, in the participation of workers in the decisive processes of corporations, among other aspects of management of people practices.

For Bullara (2003), to be a socially responsible company does not mean merely setting up an educational project or improving business practices. Although positive, this is not enough. The company needs to internally develop people that are socially responsible. Only by being

able to rely on people who are capable of thinking and acting in this way can a company internally develop the social responsibility culture and act so as to transcend its own boundaries. For Corrêa & Medeiros (2003, p. 193), employees are capable of spontaneously contributing to the organization when stimulated by company's initiatives that supersede the formal and legislative fields or, in other words, the field of economic exchange relations.

According to Orchis, Yung & Morales (2002, p. 58), social responsibility towards internal stakeholders results in “...greater productivity, commitment and motivation, as well as less staff turnover”. This positively affects the quality of products and services provided. In the same way, for Srour (2000), the increase of employees' involvement in decision-making processes frequently diminishes the rate of defects and the amount of non-saleable goods. According to the author, a study by the Medstat Group and the American Productivity and Quality Center, carried out among fifteen of the biggest employer companies in the United States, confirmed that the benefits offered to employees in the area of health, increased productivity, and diminished the cost of absenteeism, sick leaves, and use of medical care by 30%. Companies also find it easier to recruit the best employees and to reduce staff turnover.

For Vergara & Branco (2001, p. 30), talented professionals will feel increasingly attracted to companies that are socially committed to the growth of people and to social and environmental causes. If loyal customers and talented employees are, without doubt, a great competitive advantage, “humanized companies will become increasingly necessary and possible”, authors remind us.

In the Labor Relations field, many authors emphasize that companies want workers to commit to its objectives, but do not provide them with conditions to do so. Davel & Vergara (2001) refer to the paradoxical and contradictory character between theory and practice of human resources management that, on the one hand, seek team spirit and commitment, and, on the other,

demand individualistic attitudes, employability and adaptability. For the authors, even though there is a great deal of discussion around people being strategic, what we see is that they are placed into cost rationalization programs through personnel reduction and the excessive search for flexibility, through temporary employment and outsourcing, as a rule a more precarious status than the work of employees hired directly.

Therefore, as Freitas (1999) points out, although organizations' discourse prioritizes social responsibility, they maintain a relationship with their employees based on a lack of commitment. Companies preach employability: each individual is responsible for searching for what is lacking to developing his or her career, and any failure is the responsibility of the individual who did not develop the skills that the organization wanted or prioritized, and just as cuts in personnel are justified by appealing to the struggle for survival.

For Child & Rodrigues (2003, p. 3), top management's ability to guaranteeing labor commitments has been increasingly reduced, due to the frequent lack of trust between employers and employees in many companies. Loss of trust has increased because of the way companies have "turned their backs" on their employees after previously promoting better things.

Having raised these issues, it is clear that CSR – when it refers to internal stakeholders – is a sensitive field of management, still a victim of the discrepancy between theory and practice.

5 METHODOLOGY

From the moment we conceived the concept of Corporate Social Responsibility as something that is articulated with ethics and with all corporation stakeholders, we saw the need to develop a model of Business Ethics as a frame of reference so that this articulation can be adequately made. By doing so, we avoid the risk of the variable ethics of the CSR model becoming an ideological instrument, whereby the ethical character of isolated organizational initiatives are universalized to all the actions of

the company, thus creating an abstraction that leads one to believe that companies that develop social or environmental projects, for example, are necessarily ethical.

From the dialogue between CSR and BE we deduce that there is a need to articulate social responsibility with values of humanity and root it in the organizational culture. The company must therefore be a observers of the values it affirms, so that its practices are consistent with its discourse. The principle of consistency, as proposed by Arruda & Navran (2000), is thus articulated as well as the esoteric condition that we propose. From these affirmations, we can consider that the internal stakeholders are a privileged group for research that seeks to verify the congruency between discourse and organizational practices. It was exactly this prerogative that led us to investigate the social responsibility of a company towards its workers. To really be an ethical company it is not enough to only preach, the company itself must be an example of ethics, or as in the saying the company must "practice what they preach".

From the study of stakeholders, we found that it is very common to refer to the stakeholders, but without listening to them. It could not be otherwise in our research. In addition to listening to the managers of human resources, it seemed essential to us to listen to the workers and to the unions.

From the study of the affirmative ethics of humanity, usually objectified in the Company's Ethical Codes, we deducted the importance of analyzing the formal documents of the company, such as its Code of Ethics and the like.

The overall objective of the research is to analyze the managerial practices that focus on the internal stakeholders developed by companies that signed the program "*Global Compact*" in the state of Minas Gerais, Brazil. We evaluate the advancements, dilemmas and possibilities of deepening the ethical posture in business in relation to its treatment towards its workers. The specific objectives are:

- to analyze the perception and stance taken by managers, workers and workers'

representatives regarding the Social Responsibility of the company towards its internal stakeholders.

- to detect and analyze the managerial practices towards the internal stakeholders developed by the studied organizations in the following aspects of management levels:
- relationship with unions and other workers representation organizations;
- participation of workers in the decision processes of the organization;
- policy of salaries and benefits;
- incentive towards diversity in the work environment, be it towards gender, race, age and/or other characteristics, such as those with special needs for example;
- fighting child labor;
- support services for the workers' health;
- training and development of human resources;
- maintenance of formal and informal bonds with the workforce.

We expect, with this research, to take an academic-scientific overview of the engagement of companies in movements of social responsibility, both theoretically and methodologically, and also to advance the understanding of factors that compel companies to voluntarily join mechanisms of self regulation such as the *Global Compact*, detecting the gains for workers affected by the program and for the private companies. Finally, we seek to detect and analyze the effective impact of the company's commitment to the *Global Compact* agenda in its managerial practices geared towards the internal stakeholder, developed by the organizations being analyzed, pointing out possibilities, dilemmas, and challenges faced for the advancement of an ethical posture in business.

The object of our study consists of the managerial practices geared towards the workers of signatory companies of the "*Global Compact*", which is part of the UN's agenda. The companies that signed it made a commitment to put into effect policies of human resources management that allow the combat of child's labor, slave

labor and any form of discrimination in the workplace, as well as respect to the right of unionized organization and collective negotiation. These companies are also associated to the Ethos Institute. The choice of companies from, or operating in, the state of Minas Gerais and having signed the Global Compact served as a filter for the choice of the universe of our study.

The research strategy is that of comparative case studies, of a descriptive nature and qualitative, more adequate for this type of proposal, since we also intend to compare the human resources managerial practices of these companies.

As variables of our analysis we used the Indicators of the Ethos Institute of Corporate Social Responsibility, that present the following aspects:

1. Dialogue and participation
 - Relationship with the unions
 - Participative management
 - Participation in the companies' results
2. Respect to the individual
 - Fighting child labor
 - Valuing diversity (equal opportunities to all people regardless of sex, race, age, or any other special need)
3. Respect to the worker
 - Alternatives to layoffs
 - Professional skills/qualification
 - Health care
 - Preparation for retirement

These indicators materialize principles regarding human rights and work of the *Global Compact*. The Ethos Institute makes the Indicators available as an instrument of self-evaluation of the companies and receives data annually, through electronic communication. However, the answers are usually given by managers who do not even identify their degree of responsibility in the company, nor does this instrument listen to any other social actors such as workers' union representatives or even the employees themselves. Research such as the one we propose, an in depth analysis of the Ethos indicators in loco and involving not only the managers, will provide rich elements of analysis for the academic field of

social management, for companies, unions, and governmental institutions.

The techniques for gathering information for the study were: analysis of documents, semi-structured interviews with managers and workers' union representatives; closed questionnaire for a representative sample of workers, which will receive statistical treatment. The analysis of documents considered behavioral rules/norms, companies' ethical codes, newsletters, bulletins, house organs and other types of publication of the workers' union of the companies researched and of the companies themselves. The questionnaire was devised based on Ethos Indicators of Social Responsibility so that the alternative answers for each of the items, in its four levels, were placed upright. For each one of the propositions, the respondent could choose between the alternatives: "Yes", "No", "I don't know" and "I prefer not to answer". Each one of these propositions served as a script for the interview with the companies' managers and representatives of the Union.

The sample of our research is made up of four corporations, who all have signed the *Global Compact Agenda*, and have their headquarters in the state of Minas Gerais, Brazil. We intend to compare the answers given by the managers with those given by the workers and with those given by the representatives of the workers' union. The data will be analyzed so as to search for convergent and divergent points of the three groups questioned in each company to start with, and then in the four companies together at a latter stage.

6 FINAL CONSIDERATIONS

Findings reveal that the greatest difficulty in obtaining access to workers occurred within companies that have an Institute, or Foundation, in charge of CSR policy. Not all companies allowed the questionnaire to be given to workers, although all were available for the interviews with the human resources manager. The company that was most open to research with its workers does not have an Institution or Foundation. Companies that created an institution or

foundation to manage social responsibility forbade our access to employees or resisted it; some even considered the questionnaire, based on the Ethos Indicators (to which they are affiliated), an unnecessary inventory about the "organizational environment".

Our sample indicated that the privileged stakeholders of the Institutions or Foundations are the community, with projects mainly in the area of education. In many companies, only after much insistence, were we able to convince upper management that the CSR program was not made up of only social programs with the community, but that there was also a dimension related to the internal stakeholders. The common response, when we asked the responsible manager for the CSR program regarding the internal stakeholders, was to show lack of knowledge and to pass the question to the HR Director, with whom we had already scheduled an interview. In other words, the managers of CSR of these companies treat CSR primarily as a set of programs regarding the community/society. The external and internal dimensions of CSR are managed by distinctive sectors in corporations, which would not be a problem if they did not show the lack of integration that they showed.

Another point that was verified in our research is whether social responsibility towards the internal stakeholder has its central point in the policy of benefits such as health plans, housing plans, pension plans, participation in the results and profits. Our initial research showed that this point was not confirmed, since the corporations of our sample showed considerable concern with the health and safety of workers, but not with non-discrimination in the work place and with the non use of child labor.

On the other hand, preliminary data showed that the researched corporations do not agree with the Ethos Institute in the issue of participation. For the Ethos Institute, the ideal level of participation of employees in the management of companies is one that predicts their participation in management committees or in the Administrative Council, with the necessary training being provided for the participation in

formulating a strategy for the company. This does not seem to be the desired participation from the first companies researched, who consider the formulation of a strategy an “exclusive attribute of shareholders and directors”. Workers are invited to participate not in the definition of a strategy, but in its process of implementation, having their outward discourse that points out the virtues of team work a common ground in the answers of the managers interviewed.

One last point regards to the role of the *Global Compact* in the process of social responsibility development in the corporation. The adhesion to this agenda of the United Nations has not at all contributed to the development of the social commitment of the company, since the companies recognize that its principles are much too abstract and that the adhesion occurred much after the organization of CSR.

The research agenda indicated by partial results of this investigation points out three hypotheses and one theoretical contribution. The first hypothesis that we could investigate in future researches concerns about the role of Foundations or Institutes created by corporations. Will these foundations be more concerned with their social responsibility towards other stakeholders outside

the organization at the expense of attention to the workers of the company? Another hypothesis is related to human resources management: do the strategy that they have been doing for decades towards employees were renamed as corporate social responsibility? We can ask if CSR is a different and new discourse about old practices in labor relations.

Those hypotheses are based in partial research findings and suggest that CSR have been guided not by the ethics of the principle of humanity (ethics of conviction) neither by the ethics that generates conventional morality (ethics of virtue), but by the ethics of responsibility. This could generate another hypothesis: Brazilian CSR is mostly based on responsibility orientation. This orientation blocks a more substantive business strategies towards business ethics. In this way, the theoretical reference model proposed by Patrus-Pena and Castro (2010) designed as an intersection among three circles, each one representing the three kinds of ethics, must be unbalanced and fragmented in a different portrait, inspired by the Three-Domain Approach of Schwartz and Carroll (2003) (see Figure 2). We think this Business Ethics Portrait is an important theoretical contribution through this paper.

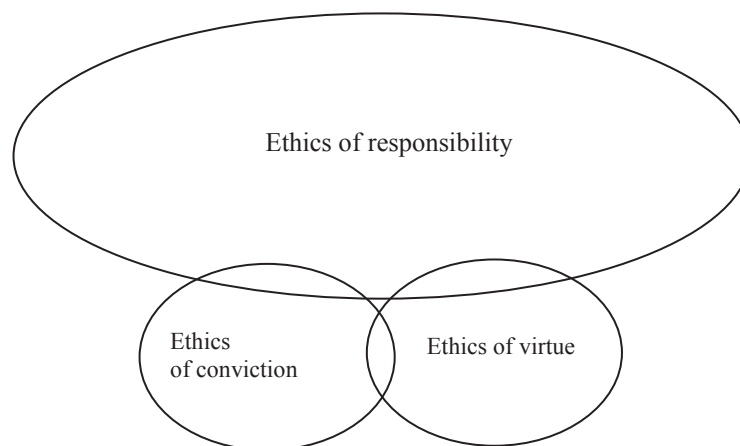


Figure 2 – Responsibility Orientation of Business Ethics.

Source: the authors.

These initial results point to contradictions concerning the impact of the Global Compact Agenda on managerial policies and strategies of CSR within researched corporations. We think this research agenda should be extended to other countries besides Brazil, allowing comparative studies about the action of corporations in developed and developing economies. In this kind of research, the Business Ethics Portraits Oriented to Ethics of Responsibility elaborated by our study could be a powerful theoretical approach to advancing comparative studies on CSR strategies in different countries.

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