Socio-environmental pressures and its reflections on the organizational structure

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The companies operate in institutionalized environments, whose constituent elements, organized in institutional systems, exert pressure on them, causing them to change their structure. Therefore, in order to ensure their survival, companies devise an adequate organizational structure to meet the pressures, creating executive committees, technical committees, advisory areas and technical areas. In this sense, the objective of this research is to understand how and why companies modify their organizational structure to meet socio-environmental pressures. The theories adopted are the Institutional Theory and the New Institutional Sociology and the methodology is the multiple case study, data collection with semi-structured interview and Construction of the Explanation for the analysis of the data. The results indicated that an organizational structure is designed with more hierarchical levels for the environmental dimension and less for the social dimension.

Palavras-chave: Socioenvironmental, Organization, Organizational Structure, Institutional Systems
1 Introduction

In the environment in which companies operate there are innumerable institutional elements that put pressure on them to the point of jeopardizing them in this sense. One of the protection mechanisms adopted is the adoption of what is institutionalized as a certain survival (LEVINTHAL, 1991). One way to adapt is to design an organizational structure that meets the pressures of the external environment (PRAKKEN, 2004).

Nowadays society has been demonstrating a valuation of the socio-environmental issues, a factor that has influenced the choices of the companies, therefore, imbued with an awareness of their social responsibility, they define their social values, transforming them into a formal activity denominated Corporate Social Responsibility (CSR) (HUSTED, 2003).

However, not all companies fully adhere to the new values of society, so this research aims to understand how and why companies adapt their organizational structure to meet social and environmental institutional pressures.

The accepted theory that explains this behavior is the Institutional Theory, however, it adopts the theoretical line New Institutional Sociology (NIS) (MEYER; ROWAN, 1977, 1991; MAJOR; RIBEIRO, 2009). The multiple case study (YIN, 2010), a sample of nine companies from the industrial sector. This research is structured with the theoretical foundation, follows with the Methodology, Results Analysis, Discussion and Conclusion.

2 Organizations and Institutional Environment

The forces of this environment are included in the Institutional Systems, which is composed of the regulatory, cultural and cultural-cognitive system (SCOTT, 2001), which is the main element that exerts pressure on companies to bring about changes in their structure (MEYER; ROWAN, 1997).

2.1 The New Institutional Sociology

The New Institutional Sociology (NIS) focuses on explaining why certain formal firms succeed in a world where institutions exert pressure on them and therefore bring about changes in their formal structure (MEYER; ROWAN 1977; MAJOR; RIBEIRO, 2009). Formal enterprises are a reflection of the social reality of the environment in which they are operating (MEYER; ROWAN, 1977); therefore, as institutional rules emerge in a
given field of work activity, formal enterprises form and they expand, incorporating these rules as structural elements tending to become isomorphic with them (MEYER; ROWAN, 1977).

2.2 Institutional Environment and Institutional Systems

By environment is meant everything that is outside the boundaries of the organizational unit and can be composed of clients, suppliers, financial market, political system (BURTON et al., 2011). In turn, the institution corresponds to a set of rules and norms established for the satisfaction of collective interests (HOUAISS; VILLAR, 2011). This environment is also characterized by the cultural aspects of the country, the business sector, the regulatory efforts of professionalization and the pressure of the various stakeholders (ABREU et al., 2012).

The environment in which the company is inserted is constantly changing, therefore, for reasons for survival, companies adapt to new ways of thinking and acting in force (LEVINTHAL, 1991), becoming institutionalized. However, these same institutions can generate uncertainties in the environment (DILL, 1958; BERTALANFFY, 1973; MEYER; ROWAN, 1977; THOMPSON, 1967; TUNG, 1979), which may lead to modifications in their structure (DUNCAN, 1972).

To reduce environmental uncertainties, companies create committees and specific areas, reduce information flow paths, decentralize and integrate or reduce internal specializations (PRAKKEN, 2004) and reduce hierarchical flow (HAMMER; CHAMPY, 1994). Some administrative mechanisms are also created to assist in the control of environmental uncertainties, to cite strategic decisions, long-term contracts and alliances (GALBRAITH, 1974), or to operate in monopoly environments with public control (direct or indirect) (WARNER; BEL, 2008).

2.2.1 Institutional Systems

Institutional systems consists of a set of elements based on three pillars, the regulatory, normative and cultural-cognitive (SCOTT, 2001). The regulatory system comprises the set of existing legislation and in force in the country, as well as the regulations and norms of the class organs (SCOTT, 2001). It is composed of rules, laws and sanctions, is coercive and contributes to legitimize companies by being legally sanctioned (SCOTT, 2001). In the case
of CSR practices, the use of this is an important factor in the promotion of CSR (OTHMAN et al., 2011).

The Normative System (SCOTT, 2001) originates in the professionalization of certain disciplines (DIMAGGIO; POWELL, 1983; BONDY et al., 2012), encourage companies to implement environmental practices in order to be perceived as having legitimate organizational activities, which are usually imposed through clients, professional groups, media and community (PHAN; BAIRD, 2015; ZHU; GENG, 2013).

The Cultural-Cognitive System is represented by the culture of the society, the country or the place where the company is installed and in operation (SCOTT, 2001). Culture can be understood as an abstraction (SCHEIN, 2004), and in its essence encompasses all the thought patterns, feelings and behaviors of individuals, groups of people, leaders, among others (HOFSTEDE, 2003).

The culture of the country is also a factor that interferes with the choices of the companies that are installed in it. Named a national culture, it consists of four dimensions: distancing power, the degree of individualism (or collectivism), the degree of masculinity (or femininity) and aversion to uncertainty (HOFSTEDE, 2003).

Religious principles can also interfere with CSR practices (MOMIN; PARKER, 2013), as well as the desire to emphasize that the company is doing the "good" (HOLDER-WEBB et al., 2009).

2.3 The Brazilian Institutional Environment

In Brazil, for environmental issues there is a broad set of specific laws, at Federal, State and Municipal level. However, for social matters there is practically only specific legislation for the company's labor relations with its employees, which is the Consolidation of Labor Laws (CLT). With the external stakeholders there is no specific legislation, except for the constitutional provision in Articles 5 and 6 that deals with Social and Individual Rights (BRAZIL, 1988).

There is also Decree-Law nr. 5051 which promulgates adherence to Convention number 159 of the International Labor Organization (ILO) for cases of land expropriation (BRAZIL, 2004).
For environmental issues the regulatory system is more complex existing at least 17 federal laws (MACHADO, 2015). Therefore, to maintain their compliance with environmental regulations companies adopt specific environmental practices to protect the environment (ABREU; RADOS; FIGUEIREDO JR, 2004; MOTA, 2006).

The Normative System, in turn, comprises a group of agents that put pressure on the company, which happens through the professionalization. In this way, schools, universities, class organs, non-governmental organizations (NOGs), aid and advisory organizations, charities, environmental, animal and society.

To assist companies, the regulatory system has several non-governmental organizations that guide them, both in the implementation and in the management of social and environmental activities. One can mention Ibase, Ethos Institute, Ayrton Senna Institute, GIFE and the Abrinq Foundation. However, it is not only NGOs that help, there is also the Federal Government through its social programs and the Federal Accounting Council (CRC).

There are several non-governmental organizations that professionally assist companies (GRIESSE, 2007), there is also the National Quality Foundation (FNQ), whose purpose is to strengthen national companies in terms of management capacity equal to the standards of international excellence (FNQ, 2015) and the Monetary Securities Commission (CVM) which monitors the stock market, (CVM, 2002, 2014).

The Brazilian Cultural-Cognitive System also exerts pressure on the companies interfering with their choices (PODRUG; FILIPOVIC; STANCIC, 2014), and the country's culture also exerts pressure. It is categorized into four groups, hierarchical distance of power, degree of individualism, degree of masculinity (or femininity) and aversion to uncertainty (HOFSTEDE, 2003).

In cultural terms, the characteristic of Brazilian national culture is that it is a collectivist society, where the social is more important than the individual, however, there is a distancing of power between social groups and an aversion to uncertainties (MOTTA, 2003). The Brazilian society also presents an edenic behavior regarding environmental issues (CARVALHO, 1998), whose sentiment culminated in the construction of a culture of valuing nature and creating a way of behavior of constant protection of the environment (MOTTA, 2006).
Other behaviors identified are the feeling of solidarity with others, whose origins may be associated with constant social inequality in the country (LEMAITRE; HELMSING, 2012, REIS, 2007), and an appreciation of social relations (FONSECA; CASTOR, 2005). As for the Brazilian companies, they have a weak socio-environmental inclination, which goes back to the era of industrialization, which originates from a lack of class identity and its dependence on the State (ABREU et al., 2008; CARRIERI et al., 2009; DELAI; TAKAHASHI, 2013; RICO, 2004).

3 Metodology

The case study was adopted because it is the one indicated when what one wants to know happens in the day-to-day of the companies and when the focus is on understanding how and why it happens (YIN, 2010), constituting this one of a multiple case study.

3.1 Sample, Data, Collection and Analysis

The universe of this case study is composed of formal companies from the industrial sector and that present an organizational structure designed to meet the social and environmental dimensions of CSR. The sample consisted of nine companies denominated, from now on, O1 to O9. The O1 and O9 companies operates in the electric sector and under a public concession regime and O2 to O8 companies operates in others industry sectors, in special metal-mechanics and plastics.

The 'sample for convenience' was adopted, the semi-structured interview for data collection was used, and Type I and II of collection (YIN, 2010). In Type I, two companies and all sectors that were directly and indirectly related to social responsibility were analyzed, totaling 13 sectors and 16 respondents. For companies 03 to 09, Type II data collection was adopted because only the sectors directly involved were interviewed, totaling 14 sectors and 12 respondents.

For the analysis, it adopted the Construction of Explanation, which consists of two stages, the first one is an analytical analysis on a case by case basis and the second a synthesis, in which case information is crossed (YIN, 2010). The explanation is developed from this synthesis.

The data collected included understanding the composition of the organizational structure designed to meet CSR, including in this structure the creation of committees, advisory areas,
specialist areas and work teams, personal responsibility, hierarchy and communication channels. For the analysis, categories were created (BARDIN, 2014). The following categories were created: 'socio-environmental executive committee, specialist area, support teams, personal responsibility, communication channels and hierarchy'.

3.2 Results

The understanding of how companies design their organizational structure to meet CSR activities can be obtained from the observation of Table 01. Starting the analysis from left to right, was evidenced the creation of executive committees, however for the sustainability not to specific for the socio-environmental dimension. Ethics committees are also set up, however, by some companies only.

It is also evidenced the creation of a specialist area to meet the social dimension with external stakeholders. For the internal stakeholders, they have created a department with specific responsibility and for the environmental dimension was created advisory or management areas with management status.

As for the personal responsibility for achieving the goals, the social dimension with the external stakeholders is under the responsibility of the coordinators of the specialist area, while the internal environmental dimension is with the area managers. Regardin the execution of the activities, the social area receive support from work teams called task forces, support teams or work groups.

For the execution of social activities with the external public, the specialist area receives support from employees through the Volunteer Program. The technical committees created assist the areas of management or environmental advice, as well as the specialist areas for the social dimension with technical analysis of information for decision making.

In the hierarchy, those responsible for the environmental dimension report to the director of the production area, usually the Industrial or Operations Director, or to the Executive, Environmental or Sustainability Board. Some companies make direct use of the vice presidency and the CEO. The social dimension, in turn, independent of the public, report to the Administrative Director. For the environmental dimension there is no use of third parties to assist in the execution of the tasks, except for the search for legal environmental information in which specialized companies are used.
To complement how, the Figure 01 presents an organization chart obtained from the interviews and documents. There are intermediate levels for the environmental dimension between the Board of Executive Officers and the managers responsible for environmental actions, as well as a direct line between the Executive Board and the specialist area for the social dimension with the external public and between the Board and the Department of Resources Humans.

Table 01 - Empirical Evidence by Category

Figure 01 - Organization chart - Dominant model
In order to understand why companies change their organizational structure, the explanations were sought in Institutional and NIS theories. Therefore, based on the assertion that companies represent the social reality of the environment in which they operate (MEYER; ROWAN, 1977, 1991), the institutional systems of the Brazilian environment were used to explain the choices made by companies. The choice of structure for the environmental dimension may be related to the need to ensure compliance with environmental laws and thus avoid exposing the company to environmental risks, since in Brazil the regulatory system is strict for environmental issues (ABREU, FIGUEIREDO JR , 2004).

The choice of the structure for the social dimension with the external public may be related to the need for compliance, since there are no clear and defined laws that protect society from
social impacts carried out by companies. Therefore, for social issues with the external public companies are not subject to risks, even with the creation of the Federal Public Ministry by the Brazilian Government, since the actions carried out by this body must be protected by laws (MPF, 2017).

The structure chosen for the social dimension with the internal public is also hierarchical, whose choice may be associated to the need to comply with labor laws (BRASIL, 1988), as well as to meet the present and future human resources needs of the company. In this last need, the country's regulatory system through its educational system does not meet the human resources needs of companies. The Brazilian educational system has high rates of school dropout and illiteracy, and is higher in rural areas (IBGE, 2013).

Regarding management practices, the Brazilian normative system is active for environmental issues with several NGOs, Federations and government agencies assisting companies. However, for social issues there are a few NGOs acting. This reality influences managers' decisions, since, with the guidance of external agents, the tendency is for companies to adopt the suggested measures, and if there is not, companies fatally have nothing to adopt.

The choice of organizational structure can also be affected by the cultural-cognitive system in situations in which society is active. In the Brazilian environment, there is a society that exerts pressure on environmental issues, but does not exercise for social issues (MOTTA, 2003, 2006).

This cultural characteristic interferes with the choices of a structure because, failing to meet the needs and expectations of society, the company may find itself in a situation of social and environmental risk. Regarding the non-creation of specific executive committees for social and/or environmental issues, this choice may be related to the cultural-cognitive system, since even Brazilian society is active in environmental issues, it still presents a distancing of power between the social groups, therefore, have difficulty organizing themselves socially, which makes the movements individual or small groups (MOTTA, 2003).

Thus, the need to maintain constant and direct contact with society may not be an issue that harm the survival of the company, and monitoring by means of communication channels is sufficient.
4 Discussion

It was evidenced a more robust organizational structure for the environmental and labor regulatory dimension, but less robust for the social dimension with the external public. These choices may be related to companies' need for survival, since the Brazilian environment presents a strict regulatory system for environmental issues, a normative system focused on the professionalization of companies, but an educational system that does not meet the demands of resources especially in rural areas and smaller cities.

Therefore, assuming that companies represent the social reality of the institutional environment in which they operate, it can be understood that the companies in this study adequately represent the reality of Brazilian institutional systems. The contributions of this research can be felt by companies as to the organizational structure model designed to meet social and environmental pressures. For academia, it is the understanding that companies represent the social reality of the institutional environment in which they operate. New research can be developed, to mention the relation of the organizational structure with socio-environmental strategies, decision making and / or internal practices to carry out the planned actions.

Conclusion

This research allowed us to explain how and why companies adapt their organizational structure to meet social and environmental needs, as well as to understand that they represent a social reality of the Brazilian institutional environment. The strong point of this research was the obtaining of in-depth information about these activities in the companies that accepted to participate in the research; in turn, weaknesses were not identified, with the exception of the number of participants, which could be larger in order that the data could be eneralized.

Referência


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