SOCIAL RISK MANAGEMENT AND ITS IMPLICATIONS ON THE ESG AGENDA: AN ANALYSIS OF THE BANKING SECTOR IN BRAZIL

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ABSTRACT

Purpose: Inquiring how the practices of the social dimension of the ISE-B3 relate to the ESG agenda and what they represent for the social issue, the study assessed the social sustainability practices regarding social and labor relations of four banks listed in the ISE-B3 portfolio.

Method/design/approach: As an exploratory study, the research applied a documentary analysis to the social dimension of the ISE-B3, delimiting itself to four companies from the banking sector in Brazil, in the last four portfolios published. Considering 165 selected questions, we opted for a statistical percentage treatment that expresses the company commitment index on social sustainability inquired in the questionnaires.

Results and conclusion: The data indicate that the four companies express a commitment index ranging between 74% and 89%, which is considered a significant level. However, the data also indicate that social sustainability is more focused on social risks, which represent a threat to business value, than on the social impacts on the publics affected by the company operations.

Research implications: The study can contribute to a better understanding of the challenges of addressing the social dimension of sustainability in the face of the interest in making the business an economically attractive investment in an essentially economic business model.

Originality/value: The study can contribute to new perspectives for developing Corporate Social Responsibility models, so that social indicators can be directed to the impacts on the target publics.

Keywords: Social Risk Management, ESG Agenda, Social Sustainability, Social Sustainability Indicators.

A GESTÃO DO RISCO SOCIAL E SUAS IMPLICAÇÕES NA AGENDA ESG: UMA ANÁLISE DO SETOR BANCÁRIO NO BRASIL

RESUMO

Objetivo: Indagando como as práticas da dimensão social do ISE-B3 se relacionam com a agenda ESG e o que representam para a questão social, o estudo avaliou as práticas de sustentabilidade social quanto às relações sociais e de trabalho de quatro bancos listados na carteira ISE-B3.

Referencial teórico: Como base teórica, a pesquisa considera os pontos centrais a respeito da Gestão do Risco Social, dos Indicadores de Sustentabilidade Social e da Agenda ESG.

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Método: Como estudo exploratório, a pesquisa aplicou uma análise documental na dimensão social do ISE-B3, delimitando-se a quatro empresas do setor bancário no Brasil, nas quatro últimas carteiras publicadas. Considerando 165 questões selecionadas, optou-se por um tratamento estatístico percentual que expressa o índice de compromisso das empresas sobre a sustentabilidade social indagada nos questionários.

Resultados e conclusão: Os dados apontam que as quatro empresas expressam um índice de compromisso que varia entre 74% e 89%, nível considerado significativo. No entanto, os dados indicam ainda que a sustentabilidade social está mais pautada sobre os riscos sociais, que representam uma ameaça ao valor do negócio, do que de fato sobre os impactos sociais nos públicos afetados pelas operações das empresas.

Implicações da pesquisa: O estudo pode contribuir para uma melhor compreensão dos desafios em tratar a dimensão social da sustentabilidade frente ao interesse em tornar o negócio em um investimento economicamente atrativo em um modelo de negócio essencialmente econômico.

Originalidade/valor: O estudo pode contribuir para novas perspectivas de desenvolvimento de modelos de Responsabilidade Social Corporativa, de maneira que os indicadores sociais possam ser direcionados para os impactos sobre os públicos-alvo.

Palavras-chave: Gestão do Risco Social, Agenda ESG, Sustentabilidade Social, Indicadores de Sustentabilidade Social.

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1 INTRODUCTION

It is not possible to affirm, in the limit, that capitalism has remained with the same configuration since its advent until today. The restructuring of capital transgresses the frameworks of productive relations and reaches social relations, by means, for example, of the new models for hiring the work force, of the implementation and use of technologies, of the transformations in consumption habits, among other factors. The definitions of state, market and society can no longer be regarded as the same. The public functions are presented in a new format, based on the work of transnational corporations, technical councils, local authorities and non-governmental organizations. The economy has "autonomized" (Mathis & Mathis, 2012; Piketty, 2021).

The most recent transformation concerns the relationship between capital and the social question, since the business field starts to adopt a moral tone that seeks to give meaning to work in the company, even in the midst of the quest for the accumulation of profit (Boltanski & Chiapello, 2009), which arouses the discussions of ethical questions for an "economy with moral compass" (Sen, Deaton & Besley, 2020).

A fundamental issue inherent in the problems of our time is the paradigm of unlimited growth. Capra & Luisi (2014) identify three types of growth responsible for significant social and environmental impacts: (i) economic and (ii) corporate growth, which globally promote excessive consumption and waste, and (iii) population growth, which forms with poverty a kind of self-amplifying feedback cycle. These combined increases put great pressure on the planet's resources and the quality of life of its populations.

With this, Corporate Social Responsibility (CSR) shows itself as a concept that has been undergoing transformations over the years, above all linked to the metamorphosis of the production models and to the events of economic crises. Initially adopted as meeting social demands through the generation of employment and compliance with legal obligations, still prevailing the interest of shareholders in maximizing profits, the concept of CSR expanded to
serve other interest groups, such as society, employees, government and environmentalists, among others who began to question the socio-environmental role of organizations. In this scenario, the RSC began to assume a commitment to improving the life of society, in a post-industrial dimension (Galbraith, 1982; Toffler, 1995; De Masi, 2000; Tenorio, 2006; Madime & Gonçalves, 2022a; Madime & Gonçalves, 2022b).

Strategies to support social entities or to be directly involved in actions aimed at problems in the community where the company is located, or to support organizations or to be directly involved in actions aimed at specific causes and socio-environmental demands with which the company identifies itself more immediately, have become the motto of the RSC (Müller, 2006). Although the environmental dimension is more prominent, the social and economic dimensions are also relevant in the concept of sustainability.

The economic dimension refers to the viability of the business in terms of profitability and ability to sustain itself in the long term. Maximizing profits in sustainability is conditional on meeting environmental parameters and the priority, therefore, is the financial health of the organization to pay fair wages, honor financial commitments, promote quality of life and social well-being and generate shared value. The social dimension of sustainability shares the same pillars of social responsibility and presupposes that companies establish management strategies guided by ethical principles and transparency and for the relationship with public interests. It involves managing social impacts in areas such as human rights, health and safety, work, diversity and inclusion, social dialog and investment, among other elements related to human development and social welfare (Amato Neto, 2011; Barbieiri & Cajaíra, 2016).

The emergence of management models such as those mentioned above reflects a movement of re-signification of paradigms and purposes for the actions of business organizations. However, most companies, especially the larger ones, still operate in traditional management models and predominantly oriented towards economic agendas. It is in this sense that the management of sustainability aspects in companies has been expanding and including other agents. So much so that business sustainability has also come to be known by the term ESG - *environmental, social and governance* - first used in the publication *Who Care Wins* drawn up by the Global Compact in partnership with the World Bank (Global Compact, 2004). Since then, there has been a growing use of ESG nomenclature both by companies and by investors who have been incorporating social, environmental and governance aspects as criteria in their strategies and investment assessments (Betti, Consolandi & Eccles, 2018).

In order to measure corporate performance in addressing these issues, several indicators propose to quantify a certain number of macro sustainable actions (Silva, Freire & Silva, 2014). And although there is still a gap at the intersection between a performance measurement system and corporate sustainability, considering also that a measurement system is not limited to a set of indicators (Morioka et al., 2018), companies that make commitments to these types of demands and sustainable actions are now listed in a select group, recognized for their corporate governance and sustainability practices based on performance indicators, such as, for example, the portfolio of the São Paulo Stock Exchange's Corporate Sustainability Index (ISE-B3).

Given this context, this research asks how the practices of the social dimension of ISE-B3 relate to the ESG agenda, as well as what they represent for social issues. To this end, in general, this study aims to assess the social sustainability practices regarding community relations and working relationships of four banks listed in the ISE-B3 portfolio, in the last four years of the reports released, which are: portfolios 2017-2018, 2018-2019, 2019-2020 and 2020-2021.

As for the delimitation of companies in the banking sector, the study can contribute to a better understanding of the challenges in dealing with the social dimension of sustainability in the face of the interest in making the business an economically attractive investment in a business model that is essentially economic. The evaluation of companies on a Stock Exchange,
also measured by means of social indicators, may or may not represent the carrying out of actions that are linked to social demands. And this becomes relevant so that new models of CSR are constructed seeking a more performative assessment, that is, aimed concretely at the target audience of social demands.

2 THEORETICAL FRAME

In order to theoretically support this study and answer the research question, this section will address the central points regarding Social Risk Management, Social Sustainability Indicators and the ESG Agenda.

2.1 Social Risk Management

As previously commented, CSR can be divided historically into two macro-dimensions. The first, treated as an industrial dimension, prevailed until the mid-1950s; in it, the social role was limited to the generation of jobs and the payment of taxes, since the interest of the shareholders for the maximization of profits predominated. The second, called the post-industrial dimension, emerges from this period, when economic crises raise questions on the part of society as to the objective of maximizing profits in the face of the socio-environmental role of organizations (Tenorio, 2006).

Aligned with the industrial dimension, Friedman (1970) asks in the course of this second period about what it means to imply social responsibility in business, since only people can have it. The author justifies that entrepreneurs and executives have responsibilities as individuals, but that this discussion is directed to companies, which in turn have a single responsibility: to generate profit for the shareholders. Friedman argues that an executive, in addition to his responsibility to his employers, can take on other responsibilities voluntarily, devoting his income and time to causes he deems relevant, but as long as he does not use his employers’ business apparatus for that purpose. Otherwise, it means using someone else's money - the shareholder - for a general interest, at the expense of corporate profit.

For Carroll (1999), the 1950s marked the beginning of the so-called "modern era" of CSR, when the theme developed considerably from the 1960s onwards and that in the 1970s other denominations came to be used, such as Corporate Social Performance (CSP). He goes on to mention that in the 1980s there were more attempts to measure and conduct research on CSR and alternative thematic structures, but it was from the 1990s onwards that there was a more significant transition to other themes, such as Stakeholder Theory, Ethics in Business, besides Corporate Social Performance and Corporate Citizenship. And it was in this period that the tendency to operationalize the concept of CSR along with other models and themes consistent with this emphasis intensified.

In the midst of these developments, the association between the company and the social gave birth to the view that the social question is directly linked to the rationality of the work, and not to the social demands. As an example, one takes the concept of decent work, emphasizing the conditions of guaranteed rights, tending to an instrumental viewpoint that the guidelines for the rational organization of work guarantee social responsibility, and not the impacts produced by it.

In this, as from the 2000s, the so-called strategies for Social Risk Management began to intensify, the result of a concern with the impacts on the reputation and profitability of companies. CSR takes the new form of a articulation of actions that prioritize maximizing economic and political investments that promote the reduction of social risks that may compromise business (Pinto, 2018; Spence, 2010; Almeida et al., 2010; Santos & Milanez, 2014). Assuming that risk is a vulnerability that can cause adverse impacts, social risk would
be defined as the actual and potential leverage that people or groups of people with a negative perception of corporate activity have on the (financial) value of the business, thus being a determinant of risk exposures to the company. Thus, social risk places itself in an opposite notion to human rights risk, when a business action removes or reduces an individual's ability to enjoy their human rights inside or outside the company (Fasterling, 2017).

The goal of Social Risk Management, then, is to ensure the acceptance or approval by local communities and stakeholders of a company's operations or projects in a given area. Thus, the goal of managing social risk is to facilitate commercial activity, especially when and where it can be perceived as socially controversial.

2.2 Social sustainability indicators

While there is a relationship between the level of sustainability maturity and the ability to contribute to the achievement of the sustainable development goals (Grejo & Lunkes, 2022), and the multiple factors that can determine the success of SNS practices (Madime & Gonçalves, 2022b) need to be considered, companies in general, faced with the challenges of integrating sustainability into their core functions, end up more valuing economic and environmental aspects and neglecting the social dimension (Ajmal et al., 2018).

One argument that may explain this gap considers that areas of knowledge that value observable, robust and publishable outcomes, as well as sectors that seek quickly communicable guarantees and marketable outcomes, may find process- and justice-oriented approaches challenging. Some organizations use pre-existing indicators to demonstrate the value and impact of social sustainability, while others build their own system of indicators. However, efforts are often not accomplished by the vagueness of the notion of social issue and by the differences in priorities of its stakeholders. These differences in priorities create conflicts over business objectives, and organizations may not be prepared to deal with these differences. Moreover, they often lack the understanding and experience to understand the process of integrating social sustainability (Ajmal et al., 2018).

Hale et al. (2019) - starting from the premise that sustainability indicators are used to ensure that companies are behaving responsibly - advocate the representation of social sustainability through indicators that adopt a performative orientation towards them. In this way, it would be possible to work to determine indicators as agents, less focused on the practices they should represent and more on their potential impact on the target audiences. The authors argue that a performative approach leads to a more real orientation towards the causes and conditions that shape the results. As for labor relations, for example, these performative and targeted indicators could be exemplified by issues such as: "My pay is fair"; "I am safe at work"; "I am learning new skills"; "Men and women are treated fairly at work"; "My work is helping me achieve the things I want in my life"; and others.

Other proposed approaches to social sustainability indicators advocate that they be targeted at specific groups with which the company interacts (Hutchins et al., 2019), promote greater visibility of people with disabilities, especially considering this audience beyond an invisible way in the field of ecohealth (Wolbring & Rybchinski, 2013), be focused on core themes of labor practices, decent work and human rights at any levels of the supply chain (Popovic et al., 2017; 2018; Kumar & Ramesh, 2020) and are integrated into the decision-making process of companies (Husgafvel, et al.,2015).

Thus, it is possible to state that there is no standard or ideal model of social sustainability indicators. On the contrary, the set of indicators to be adopted will be directly associated with the way the business considers the social question from the risk perspective.
2.3 The ESG agenda

The ESG movement was driven by the notion of responsible investment that has the Equator Principles, launched by the International Finance Corporation (IFC) of the World Bank in 2002, as one of the first initiatives that brought together a set of sustainability criteria to guide investments, recommending consideration of environmental aspects, with the protection of natural habitats, and social such as relationships and working conditions (IFC, 2020). In the same vein, the UN has supported the initiative that brings together investors from all over the world and that has drawn up the Principles of Responsible Investment (PRI).

The PRI Group of Signatories has made six key commitments in its investment agendas (PRI, 2021): to incorporate ESG issues in investment analysis and decision-making processes; to incorporate ESG issues into ownership policies and practices; to appropriately disclose ESG issues by the entities in which it invests; to promote acceptance and implementation of these principles in the investment industry; to increase effectiveness in implementing these principles; and to report on activities and progress in implementing these principles.

In addition, a variety of sustainability indices have emerged in recent decades, such as Down Jones in the United States, FTSE4Good on the London Stock Exchange and B3’s Business Sustainability Index (ISE-B3). These initiatives have gained strength and are currently benchmarks in the relationship of investment and performance in sustainability. Sustainability indices have similar mechanisms that, in short, include the definition of indicators and criteria that represent the degree of sustainability of companies. The information is collected through the application of questionnaires, carrying out interviews, or even audits. The best qualified companies are included in the annual index portfolio (Oliveira, 2008).

Compliance with ESG criteria is directly related to access to resources and business opportunities, which enhances sustainability as a factor of competitiveness and risk management. Among the advantages of adopting this model, one can highlight the reduction of costs through the reduction of environmental impacts and the good treatment of employees, the development of human capital with more effective human resources management and the improvement of access to capital through better corporate governance practices (IFC, 2002). Corporate risk is significantly reduced in companies that adhere to sustainability standards, which results in lower cost of equity, increases the economic value of the corporation and strengthens the image and reputation by creating shared value (Silva & Quelhas, 2006; Hart & Milstein, 2003).

Although they can be used synonymously, it is important to note that the terms sustainability and ESG are not conceptually identical. The main difference lies in the fact that the latter is oriented mainly towards a class of stakeholders, which are the shareholders and investors. This characteristic creates a point of attention with the ESG agenda, since its priorities are defined by a single public, whose main focus, if not unique, is the achievement of profitability. Sustainability, on the other hand, includes an equitable relationship with all interested audiences and its materiality must be oriented in such a way as to consider social and environmental impacts to the same extent as economic issues (Amato Neto, 2011; Barbieri, 2020).

As of 2020, the year the coronavirus pandemic (COVID-19) began, the term ESG has been widespread in Brazil. The 2021 study by Rede Brasil of the Global Compact (RBPG), with more than 300 companies, revealed that the main ESG practices identified relate to integrity issues, waste management, emergency support for COVID-19 and surrounding communities (Global Compact, 2021).

Another research supported by the Global Compact and carried out by the consultancy PWC evaluated the reports of the companies listed in B3, published in 2020. The results pointed out that the ESG topics most cited in the reports are related to working conditions, integrity,
customer satisfaction, innovation and technology, and socio-environmental impacts and actions (PWC, 2021).

Thus, based on the theoretical assumptions presented in this section, the survey considered the data provided by four banks in response to the social dimension of the ISE-B3 questionnaire, in order to assess social sustainability practices. These data will be presented and discussed below.

3 METHOD

The research, characterized as an exploratory study, was carried out by means of a documentary analysis on the social dimension of the ISE-B3, confining itself to the banking sector, represented by four companies. It should be noted that considering an ethical principle, even if it is possible to identify these institutions in the reports cited here, it was chosen in this research to preserve the nominal identification of these companies, adopting a generic nomenclature expressed by BAN1, BAN2, BAN3 and BAN4. This was done in order to avoid any value judgements, biased analyzes or partial repercussions on the respective images of banks, as this is not the objective of the study.

The choice of ISE-B3 was made to the extent that it represents the benchmark in Brazil as to the best companies in sustainable performance and that present themselves as the safest and most responsible options for economic and financial investment. The delimitation in the banking sector was based on the interest in exploring how social issues are treated in the concept of sustainability in the face of the predominance of the economic pillar as a central feature of this business model.

The social dimension of ISE-B3 is composed of four criteria, each assessed by a particular set of indicators on different social themes. The study considered as a basis for analysis the last four portfolios published by the index response system up to the time of the execution of this survey, which are the portfolios 2017-2018, 2018-2019, 2019-2020 and 2020-2021. These publications can be found at the e-mail address <http://iseb3.com.br/respostas>.

One highlight that deserves to be highlighted is that the annual reviews made in the ISE-B3 questionnaire bring about significant changes in the way the questions and their respective themes are organized. This leads to two observations: (i) the total number of questions analyzed in each year is not the same, considering the changes made in the exercise of each period (inclusion and/or exclusion of questions and alternatives for answers); and (ii) the same numbering of a given question in a questionnaire does not necessarily mean that its content and numbering will also be the same in the other questionnaires, given the changes that can occur in the order, approach and/or alternatives for answers.

That being said, the issues whose scope dealt with relations with the community and working relations were selected. This selection can be seen in the way presented in Table 1.

Table 1 - Selection of issues analyzed in the social dimension of ISE-B3

<table>
<thead>
<tr>
<th>ISE Wallet</th>
<th>Selected Issues - Social Dimension</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td>SOC 1, SOC 1.4, SOC 2, SOC 2.1, SOC 2.2, SOC 3, SOC 3.1, SOC 3.2, SOC 7, SOC 8, SOC 9, SOC 10, SOC 11, SOC 12, SOC 13, SOC 14.2, SOC 15, SOC 15.1, SOC 15.4.1, SOC 16, SOC 17, SOC 18.3, SOC 18.4, SOC 1 SOC 20, SOC 21, SOC 22, SOC 23, SOC 25, SOC 26, SOC 29, SOC 31, SOC 32, SOC 33, SOC 34, SOC 35, SOC 39, SOC 40, SOC 42, SOC 43, SOC 44, SOC 45.</td>
<td>44</td>
</tr>
<tr>
<td>2018-19</td>
<td>SOC 1, SOC 1.1, SOC 2, SOC 2.4, SOC 3, SOC 3.1, SOC 3.2, SOC 4, SOC 4.1, SOC 4.2, SOC 8, SOC 9, SOC 10, SOC 11, SOC 12, SOC 13, SOC 14, SOC 15, SOC 16, SOC 17, SOC 18.2, SOC 19, SOC 19.1, SOC 19.2, SOC 1 SOC 21, SOC 22.3, SOC 22.4, SOC 22.5, SOC 22.5.1, SOC 22.6, SOC 26, SOC 27, SOC 28, SOC 32, SOC 33, SOC 35, SOC 36, SOC 37, SOC 38.</td>
<td>41</td>
</tr>
</tbody>
</table>
Social Risk Management and its Implications on the ESG Agenda: An Analysis of the Banking Sector in Brazil

In order to complement the analysis of the data, in order to define a single criterion among the changes that the questionnaire undergoes in each portfolio, a statistical treatment of proportion was chosen, represented by a commitment index that corresponds to the practice assumed by the companies analyzed against the options offered (and desirable) in the questionnaire.

For example, if the questionnaire indicates five possible actions to be taken by companies in terms of social sustainability, and hypothetically a company assumes that it performs three of these five actions in its daily life, then its commitment corresponds to 60% of what was expected in terms of sustainable social practices.

The analysis of the data then considered the average of the proportion of the commitments made in the selected questions compared to the practices investigated by the questionnaire, in each of the four companies and portfolios analyzed. Thus, it has become possible to process the data in a way that answers the issue-issue and the purpose of this study, as shown below.

4 RESULTS AND DISCUSSIONS

Taking as a basis the data treatment clarified above, and organizing the indices of commitments made by company for each ISE-B3 portfolio, Figure 1 presents the average performance data for social sustainability practices.

Looking at the figures in Figure 1, it is possible to note that the commitments made regarding social sustainability are at a level above 70%, which can be considered a significant
result. The standard deviation of each company is 1.1% (BAN1), 2.7% (BAN2), 3.7% (BAN3) and 0.7% (BAN4).

First of all, it can be said, given the commitment percentages, that there is evidence of adherence to the sustainable agenda present in corporate strategies in this banking sector.

With a predominantly economic essence, banks manifest a commitment agenda compatible with an ESG model - in this case on the social pillar - in such a way that they are guaranteed investment recommendations because they are economically attractive businesses, since they are part of the selected ISE-B3 portfolio. In addition, the data points to the possible efficiency of the social sustainability indicators, which in advance ratify that the banks have been committing themselves to social demands on a significant level.

However, there is a need for another perspective of analysis, focused on the themes of the commitments that manifest themselves by means of these social sustainability indicators.

4.1 Between Policy and Performance

By looking at the data segmented by themes of the questions, it is possible to distinguish those that have the highest and the lowest level of commitments undertaken. Table 2 thus presents this segmentation by themes.

<table>
<thead>
<tr>
<th>Theme</th>
<th>Commitment Index</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Highest Rates</strong></td>
<td></td>
</tr>
<tr>
<td>Formal public commitments to respect for human rights (combating forced labor, child labor, discrimination, forms of harassment, promotion of diversity and the like)</td>
<td>100%</td>
</tr>
<tr>
<td>Corporate policies for local community relationships</td>
<td>100%</td>
</tr>
<tr>
<td>Private Social Investments</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Lowest Rates</strong></td>
<td></td>
</tr>
<tr>
<td>Affirmative actions to promote diversity and inclusion</td>
<td>49%</td>
</tr>
<tr>
<td>Measures to tackle the pay gap between officials</td>
<td>33%</td>
</tr>
<tr>
<td>Establishment of goals to reduce gender and color gap in management positions (*)</td>
<td>25%</td>
</tr>
</tbody>
</table>

(*) This theme was present only in the 2017-2018 portfolio, no longer being treated with respect to targets in this sense in the questionnaires of the three subsequent portfolios.

Source: Prepared by the authors (2022)

There is a pattern underlying themes with higher and lower engagement ratios. As regards the topics with the greatest commitment, these are geared towards a more political approach, that is, supported by a public discourse/position on social sustainability. On the other hand, for the subjects with lower commitment, they are focused on a performance approach, that is, they represent effective actions carried out in the day-to-day organization.

In this sense, it can be said that in a more political approach, discursive compromises predominate involving specific social causes and demands. Here are the issues that deal with public commitments on labor relations and on relations with the community. In the performance approach, public discursive commitments, internal procedures, regulations and monitoring of results are (or should be) converted into practices that should direct and endorse the fulfillment of the strategies assumed in the policy approach, in fact representing corporate social performance.

A highlight that is possible to be made goes to meet what Ajmal et al. argue. (2018), as regards the difficulty experienced by companies in areas that value more observable outcomes, as regards more process- and justice-oriented approaches (practical implementation of sustainability guidelines). Based on the authors' arguments, it is possible that the difference in
commitments made between banks’ policy and performance approaches is related to the difficulty of reconciling diverse interests among stakeholders, in this case between investors, community and workers.

Another highlight of this data is the relationship between discourse and engagement. It is possible to emphasize that the political positioning in relation to social sustainability generates greater internal engagement, which projects a scenario directed towards the social question and, for this reason, makes the business economically attractive in the expectation that the commitments undertaken by means of integrated reports, guidelines and regulations will be fulfilled. In this case, and considering the speculative nature of a Stock Exchange, speech generates value.

In line with what Boltanski & Chiapello (2009) discuss, in the characteristics of the dynamics of capital, for business strategies to be sustained, so that there are no argumentative resources that allow concrete criticisms or denunciations, there needs to be within the internal perspective the promotion of an adhesion, of personal reasons of engagement that seem attractive, stimulating, that provide sense and possibilities of self-realization, as well as spaces of freedom of action. There is a need for engagement in the strategic management model that seeks to reconcile the accumulation of profit with social demands, that is, a need to produce meaning to the work that is carried out in the company and that comes closest to the notion of social justice.

Business management, from this perspective, should present itself as an attractive, stimulating, innovative and/or meritorious model. It must be supported by strategies that not only consider autonomy and personal aspirations, but also link these aspirations to a vision for the common good. And it is through this vision that culture and organizational values transmit an imaginary of "sharing a dream", a means by which individual motivations are conquered and channeled, in a voluntary way, for the common good and for the transformations in society. And — again — this creates value.

The presence of indicators with political themes in a questionnaire that evaluates how companies are behaving in the face of social sustainability indicates a more procedural use of the concept. This means that, on the one hand, the indicators are efficient in catalyzing the value generated by the public commitment that a company makes with sensitive issues for society, appearing to be enough to attract investments, thus mitigating the social risks that could potentially affect the economic value and reputation of the business. On the other hand, the presence of this type of indicator approach in place of more performative ones (performance regarding the service to the target audience), denotes that social sustainability is predominantly directed more towards the economic interests of stakeholders, and less towards social ones.

In other words, these social sustainability indicators, in the way they present themselves with their respective data, express the purpose of evaluating the principles and guidelines assumed by companies in favor of social demands, promoting an economic attractiveness to business, without necessarily assessing the impact that business activity generates on the target audience of these demands. In this respect, social interests, such as those of the stakeholder group of workers, for example, end up subjugated to economic interests, such as those of the stakeholder group of shareholders and investors.

It is worth articulating the analysis that Sanabria-Rangel (2019) makes regarding the role of the field of management, regarding the capacity to convert knowledge into actions and concrete assets of capital multiplication, but also of repercussions on the social question.

The author cites as an example the traditional notion of innovation, which is always referring to the creative processes applicable to the company, or processes that are marketable, evidencing a strong relationship between science and economic prosperity. And, based on these references, the techno-scientific mechanism of management is used in government decisions,
merging with the State in order to generate more improved business, new and better products, services, processes etc., always seeking to meet the private interests of companies.

In this way, Sanabria-Rangel draws attention to the prudent and reflective use of technoscience, in such a way as to permit transformations favorable to human, social and ecological conditions, highlighting the need for practical proposals different from those of today and that confront the dilemma of the advance of knowledge without putting at risk the survival of people in the workplace, as well as of the other forms of life on the planet.

This analysis contributes to the field of social sustainability in that it considers that social indicators should be developed and defined without losing sight of the impact generated by business activities, and not only designed for the economic development of the business. It is a premise that goes to meet what Hale et al highlight. (2019), in the sense that a performative approach to social sustainability leads to a more real orientation towards the causes and conditions that shape outcomes.

Thus, what the data on the social dimension of ISE-B3 reveal is a dichotomy in the concept of sustainability, which shows itself to be more efficient in relation to the management of social risk - that is, a political tone to placate the negative repercussions that can affect the value of the business - and less efficient in guiding actions that are closer to the social demands.

4.2 Implications for the ESG Agenda

One of the main pillars of the ESG paradigm is the attracting of economic and financial resources in the face of risk to business. The sustainability compliance pattern is directly linked to the economic value of operations.

As intermediaries, financial institutions can use their induction power to create incentives for their customers to adopt sustainable practices. For example, institutions can offer discounts on interest rates or even offer credit to companies that adopt practices such as waste reduction, energy efficiency, use of renewable energy sources, etc. In addition, financial institutions can use their leverage to promote their clients’ education and awareness of sustainable practices. Through this funding, financial institutions can encourage companies to invest in projects to improve the quality of life of communities, as well as in preserving the environment and reducing socio-environmental impacts.

As agents, and even to increase their induction potential, it is important that financial institutions mitigate their operational and reputational risks and get more credit for actions from their stakeholders. And that results in the idea of value. The greater the engagement and awareness of the in-house audience, the greater the chance to capture investment opportunities. So engagement sells.

In the guidance guide to the Principles for Banking Responsibility, published in 2019 by the UNEP Finance Initiative, and translated into Portuguese by the Brazilian Federation of Banks (FEBRABAN), available at the e-mail address <https://portal.febraban.org.br/pagina/3262/1099/pt-br/principiosresponsabilidadebancaria>, the principle of No. 2 (definition of impacts and objectives) guides the following:

According to the Core Documents on Principles for Accountability Banking, this Principle requires banks to conduct an analysis of their impacts on society, the environment, and the economy, identify their most significant impacts, and establish a minimum of two objectives that address at least two of the significant impacts identified. The impact analysis of your bank should be based on (1) the scope: the main business areas of the bank, products/services in the main geographies in which the bank operates; (2) the scale of exposure: where the main business/main activities of the bank are located in terms of industries, technologies and geographies; (3) the context and relevance: the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates; (4) the scale
and the intensity/relevance of the (potential) social, economic and environmental impacts resulting from the bank's activities and the provision of products and services. The bank should engage with relevant stakeholders, including civil society, to report on aspects of the analysis (UNEP, 2019, p. 7).

It is clear that the text sheds light on concern about the impacts generated by business activities. However, the restrictive tone that capital dynamics imposes on the sustainable agenda is highlighted once the term "most significant impacts" is adopted. This is a feature of the capitalist system that challenges the assumptions of sustainability and ultimately shapes the ESG agenda.

It is not possible to take care of all the social demands. Thus, there is a need to reflect on the role of companies in social responsibility and the need to prioritize the interests of stakeholders. This is the most sensitive point in the discussion of this topic: risk to whom?

Since, in an attempt to reconcile economic interests with social demands, an assessment of the relevance of potential social impacts is necessary, it is natural for the model to adopt measures whose impacts will be more significant to the value of the business, ratifying the concept of Social Risk Management. In this, social sustainability becomes a tool for assessing relevance to the business, and not a model for evaluating service to the target public.

In this dynamic, it is possible that social improvements will be implemented, although not at the level of the demands. Those demands that do not represent the relevance of potential negative risk to the value of the business are put in the background.

The existence and visibility of social sustainability policies, regulations and programs can represent, in fact, a commitment made to social demands, and therefore generate value, which is not invalid in economic logic. However, what underlies this model is that the risks addressed relate more to business operations than to the social issue itself. That is why it becomes so challenging to maintain an equitable relationship with the interests of stakeholders in order to consider social impacts to the same extent as economic issues.

The concept of CSR has evolved into a contemporary view on the importance of ethical action and the relationship with audiences of interest in a model of integrated management of social, environmental and economic issues. Even if there is significant consensus on these components, the construction of a widely accepted and understood concept of CSR is still ongoing, which may hinder their assimilation by managers and business leaders who still differ on the exact limits of corporate responsibility in society.

It is important to recognize that the conditions for an effective reconciliation between the economic and the social are proper to a process of historical inversion in which the economic returns to its function as a means to serve the social, moving from the position of end in itself. It is a question of determining the economic by the social, since the conventional rationality of the market presupposes exactly the opposite. The challenge is great and highlights the gap on the possibility of a juxtaposition of the two variables that can best be harmonized through more responsible business models.

Thus, this is the central argument that puts the concept of sustainability and the ESG paradigm on different sides in the social issue and that challenges the current evaluation tools to a level beyond Social Risk Management.

5 FINAL CONSIDERATIONS

This research took as its starting point the question that asks: how do the practices of the social dimension of ISE-B3 relate to the ESG agenda, as well as what they represent for social question? In this sense, assessing the social sustainability practices regarding the social and labor relations of four banks listed in the ISE-B3 portfolio, in the last four years of the reports released, the study showed that the social sustainability indicators have been applied in...
order to identify and monitor the most significant social risks to the business, thus serving the interests of the main stakeholders - which, in the case of a Stock Exchange, can be understood as investors. Social sustainability, in this sense, is a factor of competitiveness and risk management.

With results ranging from 74% to 89% of commitments made on social sustainability, and considering that an ESG agenda is directly associated with access to resources and business opportunities, it is possible to consider that banks are engaged with an ESG agenda in which social risks are addressed in a way that ensures the proper attractiveness and economic sustainability to make up the ISE-B3 portfolio. That is, the social dimension of ISE-B3 drives the economic aspect without, however, effectively addressing the social aspects relevant to social and labor relations, focusing only on issues with potential impact on business performance and not consistently engaging with social issues of wider interest.

This monitoring model that seeks a reconciliation between the value of business and the social question links the concept of sustainability to a rational (and even legal, from the point of view of the normative and legal obligations) logic of work, and not to the effective treatment of social demands. Social sustainability indicators manifest themselves as procedural tools, in which social dumping is used as a risk factor to achieve economic ends. This is a socially controversial approach that needs better attention in CSR studies, since it carries within it a conceptual incompatibility and a conventional imbalance that CSR models have manifested over time.

The predominance of commitments with political themes in social indicators denotes that reputation, formal public commitment and management planning hold more weight than the practical assessment of business performance on the impacts of business on social issues.

As the banking sector is essentially economic in nature, coupled with a sustainability assessment model promoted by a Stock Exchange, the difference in the priorities of the stakeholders' interests will become evident, which will have an impact on the business objectives. The Social Risk Management model is unprepared to deal with these differences for effective social sustainability.

Thus, the central discussion that the study highlights is not about the efficiency or otherwise of an index such as ISE-B3. In fact, it presents itself as one more model of economic evaluation, as well as others. The crux of the question is the question "risk to whom?". If social risk is a means to assess the value of business, what instrument is intended to assess the social impacts of business operations, beyond the implication on business value? For society, this reinforces the importance of the debate on the practical effectiveness of the social actions of companies. For academia, this reinforces the theoretical elements that contribute to a discussion that confronts the goals of the ESG agenda with the broader notion of sustainability.

It should be noted that the study presented shows limitations. One of them concerns a delimited analysis in the banking sector of ISE-B3. Other banks, which are outside this ISE-B3 portfolio and therefore outside the scope of the research, cannot be involved in the arguments of this study, since eventually their results may be different from those presented here. The same can be said of companies from other sectors of the economy, which means that the results presented here are not objectively generalizable. Another limitation concerns the failure to take into account audit reports of the companies’ replies to ISE-B3. As there is no open access to these reports, it was not possible to consider the content of these audits in the analysis of the issues discussed here.

As recommendations for future studies, the results and arguments that this research has raised may guide other investigations along the path of improving current SNS models so that social sustainability represents an end, and not a means. There is a need for new proposals that differ from the current indicators and that could propose tackling the dilemma between capital and the social issue.
As an indication of paths for these new proposals, it is recommended to deepen further studies on: the development of performative indicators of social sustainability and the role of companies in facing social demands; the interests of the public of workers and their repercussions on business objectives; the reputation of the company vis-à-vis the community affected by business operations; the relevance of the social dimension of the ISE-B3 in relation to the other dimensions of the questionnaires; among other related studies.

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