

The activity of Natura from the perspective of sustainable development and of corporate social responsibility.

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Introduction

Although an implicit association exists between the concepts of sustainable development and corporate social responsibility, this relationship merits further debate and more extensive coverage, both for the academic evolution of the concepts and to allow business actions to be oriented by a single, integrated objective. Consequently, this study seeks to present the two concepts and the relationship between them, and to investigate the practices of the Natura company in the Brazilian Amazon from a perspective of integration between corporate social responsibility and sustainable development.

The sustainable development concept adopted for this study is the one most frequently used, from the report entitled *Our Common Future* of the World Commission for Economic Development (WCED), known as the Brundtland report, where sustainable development is held to be “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (WCED, 1987, p. 9).

Carroll (1979, p.500 apud Carroll, 1999, p.7) upholds that “the social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time”. This definition of CSR continues to be one of the most widely accepted and is adopted by this study.

The search for a company active in the Brazilian Amazon occurred on account of the region's significant relevance in terms of environmental preservation. The Amazon has been the target of debates, accusations and studies in a wide range of areas of knowledge, and accordingly, applied social sciences are included in this context, striving to adopt a view that is in line with the other areas. The natural riches of the Amazon and the manner in which these have been utilized and explored are the focal point of studies and concerns of governments, firms and non-governmental entities. This panorama results in a series of business projects geared towards the sustainable use of the Amazon's resources, in pursuit of socially responsible behavior. An example of these projects is the Saboaria (soaps factory) of the Brazilian cosmetics company Natura.

The research problem that motivates this article is translated in the question: Is it possible to reconcile the objectives of sustainable development with a socially responsible performance of the Natura company in the environment of the Brazilian Amazon?

The case study method was used for the development of the study, as it consisted of the analysis of the list of phenomena of a specific organization. The authors made use of secondary data, provided by Natura itself, and of information available to the public in media of the Brazilian press.

In brief, the intention of this study is to demonstrate the coexistence and integration of sustainable development and corporate social responsibility concepts, translated into

strategies and practices of organizational management.

Sustainable Development

Through a survey carried out within academic and non-academic literature, it was identified that there are many different situations where the term sustainable development has been applied and defined. The term arose and has been employed more strongly in the macroenvironmental economic sphere, transmitting concerns and challenges of nations, governments and institutions related to these.

Romeiro (2001, p.7) performs a historical retrospective of the term sustainable development and explains that:

[...] it is a regulatory concept that arose with the name of eco-development at the beginning of the 70's. The authorship of the term is not well established, but there is general consensus about attributing to Ignacy Sachs, from École des Hautes Études en Sciences Sociales from Paris, preeminence in his conceptual qualifications. He appeared in a context of controversy about relations between economic growth and the environment, exacerbated mainly by the publication of the report of the Club of Rome, which advocated zero growth as a means of avoiding environmental catastrophe.

There are two main streams of interpretation in the academic debate in environmental economics, where opinions are divided: (a) the first one is represented mainly by Environmental Economics, which considers that natural resources (as a source of inputs and as a capacity for assimilation of impacts of ecosystems) do not represent an absolute limit on the expansion of the economy on the long term. This implicit view of infiniteness of natural resources in the neoclassic analysis was subject to pioneer and systematic criticism by Nicolas Georgescu-Roegen; (b) the second stream is represented mainly by the so-called Ecological Economics, which sees the economic system as a subsystem of a larger wholeness that contains it, imposing an absolute restriction on its expansion. According to this school, capital and natural resources are essentially complementary. Scientific and technological progress is seen as essential to increase efficiency in the use of natural resources in general (renewable and non-renewable) and in this aspect, this school shares with the first the conviction that it is possible to establish a regulatory framework based on economic incentives capable of enormously increase this efficiency. However, the fundamental disagreement in relation to the undefined capacity to surpass global environmental limits continues. On the long term, therefore, the sustainability of the economic system is not possible without stabilization of the levels of consumption per capita in accordance with the load capacity of the planet (ROMEIRO, 2001).

In literature the concept of sustainable development is addressed both in macroeconomic and in microeconomic terms. Several cases are perceived where Educational Institutions have cooperation agreements or partnerships with institutions of governmental enterprise or not; for example, we can mention the Latin American Center for Competitiveness and Sustainable Development (CLACDS, 2006), founded in 1995 after a study conducted by Michael Porter, Jeffrey Sachs and other academicians such as Brizio Biondi-Morra, who was then Rector of INCAE Business School, and Stephan Schmidheiny, President of AVINA at the time (2006). The concern lies in demonstrating the relationship between the competitiveness of nations or of economic blocks and the macroeconomic sustainable development (INCAE, 2006).

Maureen Hart (1998) says that there are probably many definitions of sustainable development as there are many people attempting to define it. The fact that there are many definitions fosters various views of the topic, thus favoring the discussion of the concept.

The concept of sustainable development adopted for this debate proposal and that has been used the most often in literature, is that of the Brundtland report of the World Commission for Economic Development (WCED, 1987, p.9), in which it is "development

that meets the needs of the present without compromising the ability of future generations to meet their own needs”.

Other concepts representing Sustainable Development are presented in table 1:

World Conservation Union et al., 1991	Improving the quality of human life while living within the carrying capacity of supporting ecosystems.
Meadows, Meadows and Randers, 1992	A sustainable society is one that persists over generations, one that is far-seeing enough, flexible enough and wise enough not to undermine either its physical or its social systems of support.
Hawken, 1993	Sustainability is an economic state where the demands placed upon the environment by people and commerce can be met without reducing the capacity of the environment to provide for future generations. It can also be expressed as... leave the world better than you found it, take no more than you need, try not to harm life or the environment, and make amends if you do.
U.S. President's Council on Sustainable Development, 1994	Our vision is of a life-sustaining earth. We are committed to the achievement of a dignified, peaceful and equitable existence. We believe a sustainable United States will have an economy that equitably provides opportunities for satisfying livelihoods and a safe, healthy, high quality of life for current and future generations. Our nation will protect its environment, its natural resource base, and the functions and viability of natural systems on which all life depends.
Viderman, 1994	Sustainability is a participatory process that creates and pursues a vision of community that respects and makes prudent use of all its resources – natural, human, human-created, social, cultural, scientific, etc. Sustainability seeks to ensure, to the degree possible, that present generations attain a high degree of economic security and can realize democracy and popular participation in control of their communities, while maintaining the integrity of the ecological systems upon which all life and all production depends, and while assuming responsibility to future generations to provide them with the where-with-all for their vision, hoping that they have the wisdom and intelligence to use what is provided in an appropriate manner.

Table 1 – Concepts of Sustainable Development
Source: Based on Gladwin; Kennelly and Krause, 1995

The concepts presented above elucidate the scope of the topic and the attempts of scholars to consider the aspects that sustainability involves, seeking to demonstrate the need for future conscience in the integration of economic, social and ecological aspects.

Gladwin, Kennelly and Krause (1995) suggest that administration theoreticians should consider a crucial question: How would we like to live and what is the role of organizations in this way of life? The authors question whether the unwritten, shared laws of administration theories reflect a concealed anthropocentric paradigm. They also aim to compare the issue of the impact of the theories of administration and practice of the community of the complete, whole man, the natural environment and the sustainable future. For many years there was dissociation between organizational studies and the natural environment, considering almost exclusively transactions among humans in view of the limits of the organization and environment, ignoring transactions of the ecosystem, which has lately kept firms alive.

Sustainable development considers the reconciliation of economic growth with the maintenance of the environment, in addition to a focus on social justice and human development; as well as a balanced distribution and usage of resources with a social equality system (BANERJEE, 2002; STROBEL, CORAL and SELIG, 2004).

At the organizational level, the approach of this school of thought lays on ecologically responsible organizations, where organizational theoreticians uphold that environmental integration can be employed as can TQM - Total Quality Management, product life cycle analysis, risk management and efficiency, and other management techniques (BANERJEE, 2002).

It seems, however, that to have a school of thought focused on sustainable development and its implications for the organization, is apparently not just a question of creating and deploying a management technique or methodology; it is necessary to also have means of encouraging the solidification of an organizational culture, incorporating the five dimensions of the components of sustainable development, which, according to Gladwin, Kennelly and Krause (1995), are Inclusiveness, Connectivity, Equity, Prudence and Security. In the analysis of the authors, sustainable development is a process of attainment of human development – expanded or diminished by human choices – in an inclusive, connected, equivalent, prudent and safe manner. Inclusiveness implies human development in space and in time. Connectivity suggests a bond of interdependence between and among ecological, social and economic aspects. Equity suggests intergeneration, intrageneration and interspecies justice. Prudence concerns care and prevention doubts: technological, scientific and political. And security requires prevention for treatments and chronic events and protection against harmful disruption.

The movement for sustainable development has occupied sundry spheres and achieved the respect of more orthodox areas like the stock market. Proof of this is the appearance of corporate sustainability indexes that evidence the concern with the topic shared by firms and markets (STROBEL, CORAL and SELIG, 2004; BANERJEE, 2002). Some examples of these indexes are the Dow Jones Sustainability Index (DJSI), FTSE4Good and, in Brazil, ISE (Business Sustainability Index) of BOVESPA (São Paulo Stock Exchange).

The creation of ISE by BOVESPA was due to the global tendency for investors to look to socially responsible, sustainable and profitable firms to apply their resources. This is how ISE is explained (BOVESPA, 2006):

[This] said applications, designated “socially responsible investments” (“SRI”), consider that sustainable firms generate value for the shareholder on the long term, as they are more prepared to face economic, social and environmental risks. (...) In Brazil, this trend has already commenced and is expected to grow and consolidate rapidly. Mindful of this, BOVESPA, together with various institutions (...), decided to combine efforts to create a stock index that is a benchmark for socially responsible investments, called ISE – Business Sustainability Index. (...) The objective of ISE is to reflect the return of a portfolio comprised of stocks of firms with recognized commitment to social responsibility and business sustainability, and also to act as a promoter of good practices in the Brazilian business world.

Nevertheless, this does not mean that organizations and their environments are totally geared towards actions that interfered in conscious activity in the environmental and social spheres, since the predominantly economic concern still remains in some firms and segments.

Schools of thought and vision of sustainable development have not been easily accepted as they are labeled as overly radical as presented by Gladwin, Kennelly and Krause (1995). On one hand, the technocentric paradigm is centered on technical and financial issues and issues of high performance at any cost, ignoring the consequences to mankind and to the environment; and on the other hand, the ecocentric paradigm is based on philosophic thought, totally subservient to earth and mother nature, and therefore unreal. The proposal made by Gladwin, Kennelly and Krause (1995) is a new integrated paradigm, called “sustaincentric”, which proves more useful in the generation of sustainability.

The authors argue that neither technocentrism, nor ecocentrism offer bases for sustainable development. Both fail in the promotion of the development and conservation of nature. As competitive paradigms, these appear stuck in a state of contempt and mutual denial. Such being the case, sustaincentrism appears as a necessity, pre-analytical stage of reconciliation. Sustaincentrism is based on the universalism of life, on the reprehensive administration of all religions, on ecological economics, traditions of preservation and

management of scientific resources and on the appearance of scientific theories based on the dynamic complexity of the nature and properties of self-organization (GLADWIN, KENNELLY and KRAUSE, 1995, p. 890).

Thinkers have always distinguished humans from the rest of nature, with separate objectives in conformity with a subjective morality. Now the enormous challenge of post-modern society is to reintegrate these issues (BANERJEE, 2002; GLADWIN et al., 1995). This challenge is also posed to administration theoreticians. Organizational sciences have always been involved with a fractured and restricted epistemology, ignoring social confrontations and physical capacities in any region of activity (EHRLICH, 1994 apud GLADWIN et al., 1995). The task of Administration theories is to unite theory and practice, with responsible action for the improvement of management at organizations from all over the world, considering their impacts and influences in all the spheres of life.

Banerjee (2002) discusses the emergence of organizational strategies for sustainable development and their implications for Administration theories and practices. Theories of administration have always had a clearly economic focus; some concepts of environmental sustainability have also been developed and put into practice, but the author makes an appeal for social sustainability that continued controversial both in terms of definition and in the organizational role of business. Sustainability practices should be analyzed in the context of industries, and not only in representations of organizations with behaviors that are exhibited by the company under the banner of social responsibility and other terms.

It is necessary to bring about the integration of the three basic lines of sustainability – economic, social and ecological – with the performance of organizations, where the connection between implementations of sustainability practices and their results is an open area for future research. Furthermore, the role of stakeholders needs to receive more attention and be effectively analyzed and challenged, for practical actions to be attained beyond the instrumental generalist focal point utilized. In view of the foregoing, it is vital that we get to know the concept of Corporate Social Responsibility and propose reflection on its relationship with SD.

Corporate Social Responsibility and Sustainable Development

Corporate social responsibility starts to appear in academic literature as of the decade of 1950, when Bowen (1953 apud CARROLL, 1999) published his book “Social responsibilities of businessmen”. The author emphasizes that decisions made by executives are capable of affecting the lives of people at various points, and that therefore their responsibilities stretch beyond income statements. This issue of “extended” responsibilities continues to be worked on by various authors that succeed Bowen during future decades.

The reconstruction of the evolution of the social responsibility construct is performed by Carroll (1999), evidencing the institutional emphasis on the company as a participant of a more ample social system, and that, as a consequence, should fulfill social demands while respecting human (moral) values. This view constitutes the center of the discussion.

According to Bakker et al (2005), contributions with respect to corporate social responsibility have evolved in two directions. The first is progressive, that is, going from a vague conception of the topic, to the clarification of central constructs, arriving at the testing of theories. The second is a diversified evolution, where new correlated constructs are introduced, reflecting new demands in the area of intersection between business and society. Mohan (2003, p.74 apud BAKKER, 2005) illustrates the evolution of these constructs in figure 1.

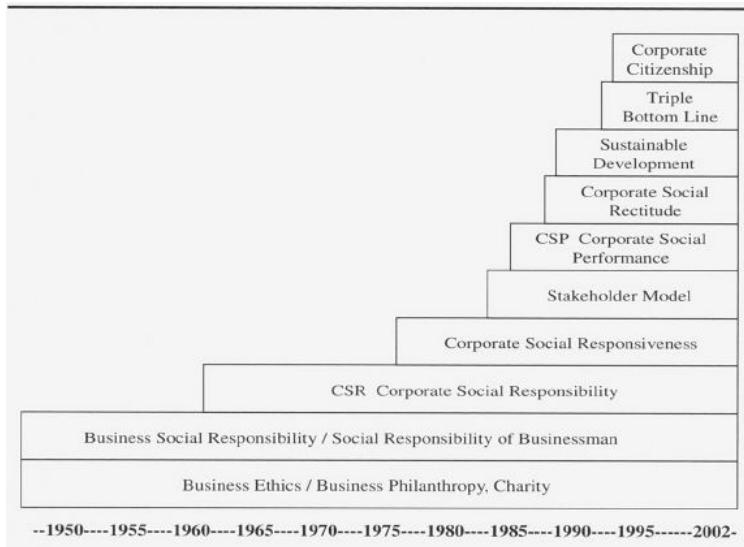


Figure 1: Evolution of CSR and Sustainable Development concepts.

Source: Mohan (2003, p. 74, apud BAKKER, 2005)

Figure 1 shows that, unlike sustainable development, which appearance was defined mainly by the discussion of possible limits of environmental resources, social responsibility had its beginning based on the aspects of relationship of the firm with people or social groups, especially the internal and external communities. Hence, while in the decade of 1960 the pollution of European rivers brought about discussions in relation to the environment in the Club of Rome, subsequently giving rise to sustainable development, the same decade was marked in the area of social responsibility by discussions such as the relationship between responsibility and power (DAVIS, 1960 apud CARROLL, 1999) or the expectations of society regarding the socioeconomic well-being generated by firms (FREDERICK, 1960 apud CARROLL, 1999). The first appearance of the term stakeholder, in 1963, referred to shareholders, employees, customers, suppliers, creditors and society (FREEMAN and McVEA, 2000, p.2), without mentioning the environment.

In the following decades, the repercussion on the international media of major ecological accidents such as that of Icmesa in Italy in 1976, that of Union Carbide in India in 1984 and that of Exxon Valdez in Alaska in 1989 not only causes the environment to become a global concern, but also makes it evident that the productive processes of businesses on growing scales were also causing damage of large proportions, which includes affecting the lives of people in their surrounding area.

The history of CFCs (chlorofluorocarbons) reported by Carl Sagan (1997) clearly illustrates the attitude of the industry towards environmental damage in the decades of 1970 and 1980. When the alarm with respect to the destruction of the ozone layer was set off by scientists in 1974, DuPont, one of the main producers of CFCs at the time, initially contested the information. It was only 14 years later, faced with the threat of governmental regulations and boycotting by consumers, that the company agreed to discontinue the manufacture of the product and even so, this process took around a decade.

In an empirical evidence, Fogler and Nutt (1975) conduct an analysis of shared values of nine companies after substantial disclosure of their pollution trends, and conclude that investors at the time are not concerned about the socioenvironmental responsibility of firms. During this period, said issues were treated exclusively as externalities, and it was therefore outside the scope of firms to resolve them.

However, as time passed, accidents, the media, the growing awareness of consumers, the appearance of environmentalist non-government organizations, such as Greenpeace in 1971, and several other factors caused environmental concerns to start become a part of the social responsibility of firms around the year 1980. In 1990, when the main index utilized in corporate social performance studies, the KLD Index, was created, it already included the environment among its constitutive dimensions.

Thus discussions about corporate social responsibility start with the ethical issues more closely linked to relationships with the internal and external communities of firms; over time they begin to add environmental concerns.

The appearance of the sustainable development concept, in turn, occurs as a result of the growing environmental problems of the decade of 1960 and incorporates in its development the issue of social justice due to the risk of survival of the various social groups. Nowadays both concepts appear in literature converging to the tripod of economic, social and environmental equilibrium.

The pursuit of reconciliation between CSR and SD enriches the understanding of both concepts, as well as their forms of practical application. Some authors suggest that social responsibility is located in the micro environment and sustainable development in the macro-economic environment, perceiving in social responsibility the contribution of firms toward the attainment of broader social objectives. Thus, as pointed out by Fox (2004, p.29):

[social responsibility] is regarded by some as a vehicle through which the private sector can contribute to poverty reduction and other social objectives, which will not be achieved by governments acting alone. But the agenda has also attracted criticism for being insensitive to local priorities and potentially harming prospects for sustainable livelihoods in the South.

The material and financial aid to African countries can be used as an example to illustrate this critical aspect. Hence, if on one hand Jeffrey Sachs indicates large-scale investments, with higher financial contributions for the poorest regions, especially in Africa, as an answer to the eradication of poverty (BARELLA, 2005), on the other hand Shiwati says that international donations merely slow down the development of the continent, as they increase dependence and jeopardize the competitiveness of the productive sector (SHELP, 2005). Although this discussion is undertaken in the sphere of countries, its reasoning illustrates one of the controversies that occur in the core of social responsibility and that is related to the limits of actions of firms in this area: how can it be determined the point at which social responsibility is beneficial, both to itself and to the community? Up to what extent do its actions contribute effectively toward sustainable development at the more ample level of society?

In academic terms, the definition of Carroll (1979 apud Carroll, 1999) that “the social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time” still continues as one of the most widely accepted, although not always explicitly quoted. Hence discretion leaves social responsibility susceptible, as it makes it dependent on motivational factors that can vary in accordance with the culture, the availability of resources and countless other conditions.

In this situation, the necessary involvement of firms for sustainable development to become viable might not be happening by means of their social responsibility practices. Fox (2004, p.29) contends that influential agents from civil society are frustrated with this issue and point out the need for a reformulation of the topic that permits a more holistic approach geared towards development. According to the author, this approach should be pragmatic, considering the pros and cons of voluntary and regulatory approaches.

It should be observed, however, that this same issue applies to sustainable development, since even though legislations have been created around the world (especially in the environmental area) as a consequence of discussions regarding the topic, actions that orient sustainable development are frequently sustained by voluntary or self-regulatory mechanisms, as in the case of the United Nation's Global Compact.

There are also two relevant aspects in relation to the connection between sustainable development and social responsibility. The first concerns the time and the second space. Therefore while social responsibility actions, due to the intrinsic nature of business, tend to focus on the short term and on the vicinity of their plants, sustainable development frequently demands long-term actions and large geographical amplitudes. Even though these issues do not cause a detachment between both, they make it evident that important aspects for sustainable development might not be part of the social responsibility agenda of firms, creating gaps that need to be addressed by other agents of society.

Major global problems, such as those described by the United Nations' Millennium Goals, fit these conditions: eradication of poverty and hunger, universal primary education, gender equality, reduction of child mortality, improvement of maternal health, combat Aids and other diseases, environment sustainability and a global partnership for development (UNDG, 2004).

By means of their social responsibility programs, firms are agents of sustainable development; but not the only agents. The World Bank's definition of CSR contemplates this view, but does not put an end to the need for a clear delimitation of the role of firms in this process.

Corporate social responsibility is the commitment of the business in contributing to sustainable economic development – working with employees, their families, the local community and society as a whole to improve quality of life, in ways that are good both for business and for development (WARD, 2004, p.9).

Fischer (2002) summarizes the historical role of firms in relation to global issues by asserting that “the evolution of industrial economy provided clearer contours to the imbalances of the distribution of income and to the social distance between those included and those excluded in markets where economic production relations take place”. And Beltratti (2005) summarizes the current view in relation to the topic, when he observes that healthy economies are no longer willing to passively accept decisions made by firms, especially when they inflict costs on society.

As a result, the incorporation of the precepts of sustainable development in corporate social responsibility responds both to the historical issue and to current demands of society. And to this effect, the proposal presented by Steurer et al (2005) represents an eligible and coherent form of consolidation of the two concepts, as illustrated in figure 2.

Sustainable development appears at the macro level, integrating the economic, social and environmental dimensions in society; corporate sustainability is the concept that orients the existence of the organization, while social responsibility is a management approach that culminates in management systems, such as ISO and others. Stakeholder relations management (SRM) crosses the management and corporate links, arriving at the social sphere, represented by the macro concept of sustainable development.

The integrated view of such concepts can be found in the management systems adopted by Natura, whose activities exceeds organizational limits and involves its relationship with the market and society of the Amazon.

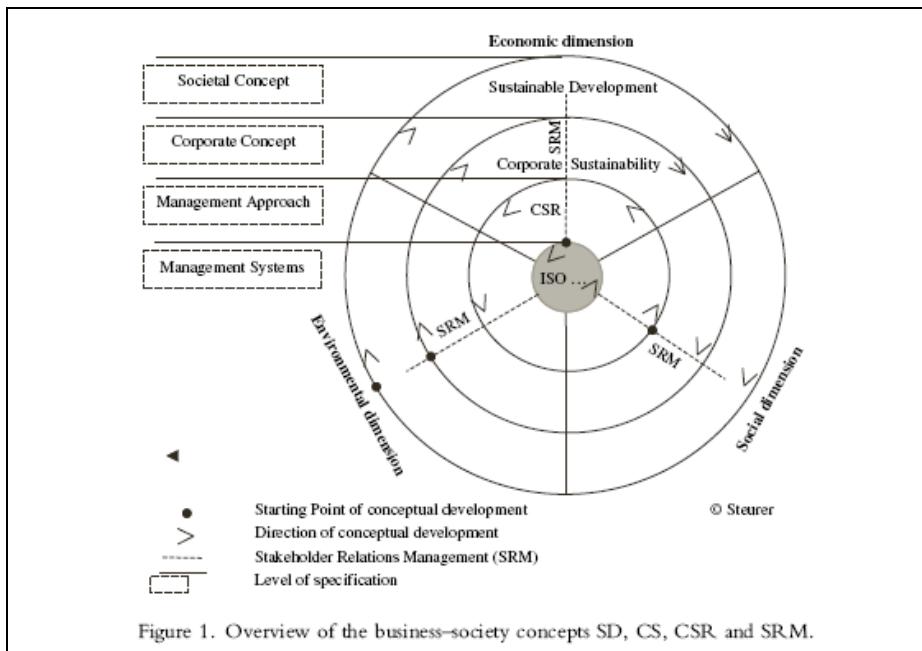


Figure 1. Overview of the business-society concepts SD, CS, CSR and SRM.

Figure 2: Overview of the concepts of SD, CS, CSR and SRM.

Source: Steurer e al., 2005

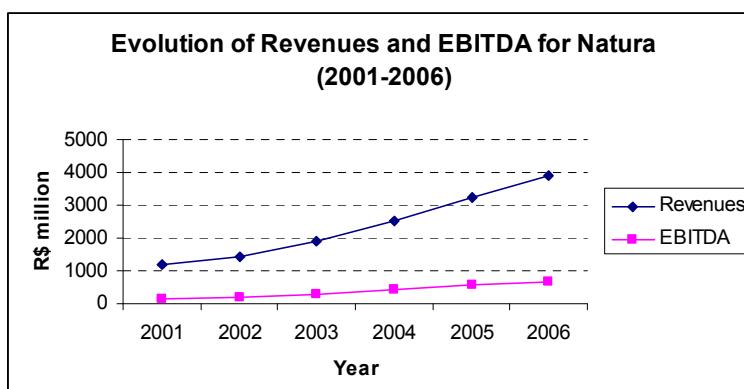
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About Natura

Natura is a Brazilian public company founded in 1969, leader in the segment of cosmetics, with a market share of 22.8% in 2006. The company has 4,300 employees and 617 thousand consultants with a national and international (especially in Latin America) scope of action by means of direct sales (NATURA, 2006, p.8). Graph 1 shows the financial evolution of the company in the last 5 years.

The choice of Natura for this study is initially sustained by the company's significance in relation to social responsibility in the country. Evidence of this fact can be found both in its participation in the two versions of the Business Sustainability Index (ISE) of



Graph 1 – Financial evolution of Natura between 2001 and 2006
Source: Natura, 2006

the Brazilian stock exchange (BOVESPA), by the awards received in areas that are related to social responsibility (49 in 2005 and 24 in 2006) and also by its participation as an organizational stakeholder of Global Reporting Initiative (NATURA, 2006, p.1). SustainAbility, a business consulting firm specialized in sustainable development and social responsibility, in partnership with Standard & Poor's, rated Natura's social report the 24th best in the world (NATURA, 2006, p.41).

According to the historical reconstruction formulated by the firm itself, Natura's social responsibility began in 1992 (NATURA, 2005, p.47) and its annual report of 2006 states that the investment in Social Responsibility, including its various stakeholders, came to over R\$ 38 million (NATURA, 2006, p.27).

Natura's products make extensive use of agroforest products, most of which originate from the Brazilian Amazon. The firm considers Brazilian biodiversity the source of its competitive advantage (NATURA, 2006, p.9). Hence the second determinant factor for the choice of Natura for this study alludes to its work and activity in the Amazon, with a special emphasis on the company's relationship with its suppliers and partners in the state of Pará, where a new plant was officially opened in 2006.

In this case study the authors sought to understand: a) the favorable and unfavorable points for strategic orientation geared towards sustainable development and social responsibility; b) at what degree this attitude is adopted by Natura and; c) which are the chances of attainment of sustainability at the macroenvironmental level based on practices of corporate social responsibility.

For this purpose Natura was asked for its authorization and support for the achievement of more compete materials, but the company cannot supply materials and access to some employees for the performance of interviews in an enforceable timeframe. Therefore this case study was conducted using secondary data, found at Brazilian electronic and printed media.

Natura and its performance in the Brazilian Amazon

Among the firm's various product lines, the Ekos line, launched in the year 2000, is considered a milestone in the company's history. This line utilizes the active ingredients of biodiversity, obtained in a sustainable manner and that seek to redeem the accumulated knowledge of traditional populations about forests (NATURA, 2005, p.41). In 2006, anticipating legislative development, Natura became "the first Brazilian company to sign agreements regarding remuneration of widespread traditional knowledge" (NATURA, 2006), i.e. knowledge of popular domain in the Amazon region and that has contributed to the development of new products of the company.

The communities that contribute with knowledge in the Amazon region include those of Rio Iratapuru (AP), those in the region of Belém (PA) and those of Médio Juruá (AM), whereas in the latter communication with the 378 dispersed families is a challenge still being worked on (NATURA, 2005, p. 60). The development programs of the supplying communities, although executive in a participative manner with other local players, encounter difficulties in their adoption by the community (NATURA, 2005).

Natura's active ingredients from the Amazon are as follows: *andiroba* (AM), Brazil nut (AP), *copaíba* (AP), *breu-branco* (AP), *cupuaçu* (RO), *louro-rosa* (AM), *murumuru* (AM), *priprioca* (PA) and *açaí* (RO) (NATURA, 2005, p.92). "To guarantee that inputs originating from the Brazilian flora are extracted in an environmentally correct and socially fair manner, in the places of origin of each raw material", the company created the Active Ingredient Certification Program, which follows international forest management standards of the Forest Stewardship Council and agricultural management standards of the Sustainable Agriculture Network (NATURA, 2006, p.98). Environmental aspects relating to forest

management are evaluated in terms of their impact on the biotic environment, on the physical environment and on the anthropic environment (NATURA, 2005, p.91). Special programs for conservation of endangered agricultural species are developed for those that are part of the firm's active ingredients (NATURA, 2006, p. 99).

In its annual report of 2006, Natura declares that it has been part of the life of Pará for several decades (NATURA, 2006, p.79). This presence, however, occurred by means of the consultants and of the relationship with supplying communities. The establishment of a new plant in 2006 marks the company's increased presence in the region. The new *Saboaria* is a combination of innovation, substantial investments, strong social impact and environmental protection. The latter involves the protection of current forest areas as well as the future recovery of degraded areas (NATURA INVEST, 2007).

Saboaria in Pará

In 2006, the opening of a new manufacturing unit, the Soap Works of Benevides, in the metropolitan region of Belém, capital of the state of Pará, broadens and deepens Natura's relationship with the Amazon. A new toilet soap mass extracted from native palm trees and that will replace the *dendê* palm oil currently utilized will be produced at the *Saboaria*. The new raw material will be supplied by farmers and extractivists from the region, with the estimated involvement of 2,500 families from 21 different municipalities (NATURA, 2006, p.9). The manufacturing unit also houses an oil extraction plant (NATURA, 2006, p.87).

The annual volume currently processed is 10 thousand tons. A total of 18 thousand, equivalent to 180 million bars of soap, will be processed at the new Pará unit. The 'bath' line is one of Natura's most important. The new unit will bring about an 80% increase in the production capacity of base soap, an input that represents 95% of the components of a toilet soap (UOL, 2006; AGESTADO, 2006).

The extraction base is the Private Reserve of Natural Heritage that Central Nova Amafrutas maintains in the surroundings of its manufacturing complex in Benevides. It is an area of 800 hectares, for educational use of Escola Densa and a permanent preservation reserve. Escola Densa develops the socioeducational and environmental program of Nova Amafrutas. (PARANEGOCIOS, 2006).

According to the vice-president of Innovation, Eduardo Luppi, if the growth of toilet soap sales remains at the current levels - above 30% - in around three years time the current capacity would attain its limit. Nonetheless, the transfer of production to the new plant tends to be slow, with a two-year forecast, as this is the period estimated between the planting and extraction of palm oil by the farmers (UOL, 2006).

In a recent interview to "Valor Econômico" newspaper, Marcos Egydio Martins, sustainability director of Natura Parcerias, said that the partnership with Nova Amafrutas was defined as being a project that combines environmental preservation, generation of income and social inclusion. The cosmetics company already has other partnerships in the region, such as that of Brazil nut, in Amapá; that of *priprioca*, in Belém; and of *andiroba*, in Médio Juruá, in Amazonas (PARANEGOCIOS, 2006).

According to Natura, the model adopted by the company in Benevides is also unique as regards the relationship with communities and cooperatives that produce active ingredients. The firm intends to gradually acquire raw material directly from the producers, perceiving breakdowns in macroeconomic terms.

'Productive partnerships with local communities, which will obtain a supplementation of income, will also afford new incentives to the development of Pará', declares Eduardo Luppi, vice-president of Innovation at Natura (UOL, 2006).

The workers involved, their families and the neighborhood communities will be benefited by training and income generation programs with a focus on social inclusion and education.

'We are performing the forest and logistic inventory, carrying out surveys in 17 of these municipalities. We need to know how many areas we will have to arrive in: we are talking about family agriculture, and not about a place where I arrive with several trucks, load them and bring them to the plant — says José Renato Cagnon, manager of the Business Unit of Benevides.' (FERNANDES, 2006).

However, there is a long way to go. "Cagnon says that at first the business will be pure and simple extractivism: they will purchase what the farmers produce. But the company intends to gradually perform research in the region, train them and encourage them to produce other oleaginous species, with the commitment of absorbing the production" (FERNANDES, 2006).

However, some results can already be observed, as can be perceived by the speech of the president of Coopaeaxpa, the cooperative formed by local farmers.

'Coopaeaxpa currently assembles 2,300 families. In our minds, and in those of many other people, oleaginous species such as *tucumã* or *buriti* were a scourge that had to be felled or burned for us to be able to plant manioc root, passionflower plants, *acerola*, or oranges. It was only upon the beginning of the debate with Natura around three years ago, however, that this felling was suspended. We are already seeing the environmental impact of this, although we do not know how to measure it scientifically: today we are all aware of the importance of these species for recovering degraded areas, where there are rivulets and springs. We have always wanted to find a way of selling oleaginous species, which exist on the vast majority of properties, but we could not see how. We now expect to have concluded the environment recomposition of the region in ten or fifteen years time in an economically viable manner'. Avelino Ganzer, president of Coopaeaxpa and a farmer from Santo Antônio do Tauá. (FERNANDES, 2006)

With the go-live of *Saboaria*, it is possible to utilize several oils extracted from fruits such as *inajá*, *murumuru*, *babaçu*, *tucumã* and other species. This mix of fruit produces even more benefits for the final formulation of bar soap, as the oils naturally offer differentiated properties that will enrich the final product. The company is planning the official opening of Casa Natura, a relationship center that will permit closer contact by consumers with the brand and its products, in Belém (capital of Pará) in 2007. Natura in Pará already has over 17 thousand sales consultants. (AGESTADO, 2006).

Luppi informed that the primary objective of the project is sustainability, more than economic advantages, as the cost of the new strategy will ultimately not change significantly in comparison with the current process. According to Luppi, the margin of manufacturers should be transferred to farmers. Moreover, the *Saboaria* is the first stage of a project that includes the production of other vegetable inputs to be used in this and in other lines. "The cost is not the main factor", he said (AGESTADO, 2006).

The new plant is in accordance with the company's toilet soap line reformulation strategy, where non-renewable raw materials of animal, mineral or synthetic origin are replaced by renewable vegetable products, aiming to maintain socially responsible practices that are compatible with sustainable development.

Discussion and Final Considerations

Generally speaking, it can be said that the model adopted by Natura is coherent with that proposed by Steurer et al. (2005) (figure 2). The aspects of economic, social and environmental balance of sustainable development are observed in the *Saboaria* project,

although the use of secondary data, originating mainly from materials coming from the firm itself, can be considered the chief limitation of this study.

Natura's *Saboaria* in the Brazilian Amazon region not only fulfills the 4 aspects of social responsibility described by Carroll (economic, legal, ethical and discretionary), but surpasses them. In opting for this project, the company anticipated the legislation, acknowledging the validity of "diffused knowledge" present in the local community, thus drawing closer to the social justice that forms the basis of the tripod of sustainable development than to a "generically" discretionary aspect.

Furthermore, with the tapping of natural resources erstwhile disregarded by the community, and that were therefore a target of devastation in favor of economically more favorable agricultural crops, a relevant preservationist initiative is demonstrated both for the environment and for human survival and culture. From this point on, however, controversy arises in relation to the validity of the actions of Natura for long-term environmental, social and economic sustainability. As sustainable development is a macroeconomic concept, it depends on other spheres besides the social responsibility practices of an isolated organization, in this case Natura, to guarantee its validity and effectiveness.

Local communities tend to leave their subsistence economy to meet the demand for raw material of Natura's *Saboaria*, which is more interesting at first as it makes this population part of an economic productive chain, from the viewpoint of capitalism. The purchasing power of these farmers tends to increase, as regards access to cash. As a result, this population will get to know other ways of life and social environments. In the case Natura opts for another strategy of partnership and supply of inputs, at some point of this course, it can simply close down or move the *Saboaria* from the Amazon region; after all the company watches over its results, and not just over the social and environmental well-being of specific locations. These communities, now hypothetically without the productive chain of the company and without the practice and culture of agriculture and subsistence economy, could be at the mercy of underemployment, and waiting for an opportunity to migrate to large cities. And here a question is made: should the sustainability of regional development be promoted solely and exclusively by social responsibility actions of private organizations or should the government commit itself and work in conjunction to avoid the occurrence of economic and social, and subsequent environmental, degradation of communities such as those exemplified?

Brazil has as a historical legacy the exploitation colonies model in its process of colonization by the Europeans, where several cultures perceived the natural riches of the land and had no interest in developing a society and sustainable way of life. Examples are the exploration of sugarcane by the Dutch in the Brazilian north and northeast, mineral exploration by the Portuguese, coffee exploration by families of Italian, Portuguese and other immigrants, and today there is the case of ethanol by globalization. In analyzing the economic, social and environmental dimensions of sustainable development, do we not run the risk of forgetting this historical perspective, paving the way for the same behavior to develop now in a more sophisticated manner and by the Brazilians themselves? True social responsibility can only be evaluated over time, when the results of the project can supply signs of a real change in values and in culture, indicating the effective improvement of all those involved, especially the company, the community and the environment.

Concluding, sustainable development and social responsibility are concepts that match and their effectiveness is related to practices beyond the spheres of the company; it is necessary to have public participation at the local, national and even international level; it is necessary to have a process of education and achievement of awareness of the community involved, in order to continue beyond the existence of a plant. Moreover, in macroeconomic terms, it is necessary to have behaviors similar to that of Natura's developed by other companies, so that added initiatives constitute a relevant (though not unique) factor for the

effective achievement of the objectives of sustainable development. Thus the major challenge for humankind remains: that of reconciling events of the running years with the continuity of generations and nations.

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