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Understanding ESG-Related Human Resource Management Practices in Brazilian Agribusiness

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Resumo
Agricultural input distributors play a crucial role in the agribusiness chain in Brazil, not only supplying essential products and services to rural producers, but also acting as key intermediaries between them and the input industry, such as fertilizers, seeds, pesticides and agricultural machinery. In addition, these distributors play a fundamental role as negotiators in the sale of agricultural production to grain processors, exporters and local buyers, and facilitate access to credit, serving as intermediaries in the financial system that supports sales in the agricultural sector. Given the importance of agriculture in the Brazilian economy and the prominent role played by the more than 6,000 points of sale in the dissemination of innovations and knowledge, the integration of ESG (environmental, social and governance) practices has gained relevance. These practices are increasingly in demand by stakeholders, which include interest groups concerned about the sustainability and longevity of companies, especially those that rely on the financial market to finance their operations. Since the effective implementation of ESG practices implies a significant change in organizational culture, the purpose of this research was to understand how ESG practices are being managed from the perspective of human resource management in Brazilian agribusiness. Specifically, it will explore how agricultural input distributors are building their leadership teams and managing talent to implement these practices.

Palavras Chave
Agribusiness, Distributors, ESG

UNDERSTANDING ESG-RELATED HUMAN RESOURCE MANAGEMENT PRACTICES IN BRAZILIAN AGRIBUSINESS

Introduction

Agricultural input distributors play a crucial role in Brazil's agribusiness chain, not only by supplying essential products and services to rural producers but also by acting as key intermediaries between them and the input industry, which includes fertilizers, seeds, pesticides, and agricultural machinery. Additionally, these distributors are fundamental negotiators in the sale of agricultural production to grain processors, exporters, and local buyers, while also facilitating access to credit by serving as intermediaries in the financial system that supports sales in the agricultural sector.

Given the importance of agriculture in the Brazilian economy and the prominent role played by more than 6,000 points of sale in disseminating innovations and knowledge, the integration of ESG (environmental, social, and governance) practices has gained increased relevance. These practices are increasingly demanded by stakeholders, including interest groups concerned with the sustainability and longevity of companies, especially those reliant on the financial market for financing their operations. Since the effective implementation of ESG practices entails a significant shift in organizational culture, this research aims to understand how these practices are being managed from the perspective of human resource management in Brazilian agribusiness. Specifically, it will explore how agricultural input distributors are building their leadership teams and managing talent to implement these practices.

The adoption of ESG practices requires not only a strategic commitment from top management but also a transformation in how human resources are managed. In this context, the challenge for companies in the agricultural sector, particularly for input distributors, is how to effectively integrate ESG practices into their operations and organizational culture. Given that human resource management is a critical factor in implementing these practices, it is essential to understand how leadership teams are being formed to advance ESG objectives. Therefore, the purpose of this study is to understand how ESG practices are being managed from the perspective of human resource management in agricultural input distributors in Brazil.

Theoretical foundation

The increasing pressure to adopt sustainable practices has led companies to develop leadership structures capable of effectively managing these practices, which is critical to the long-term success of the organization (Eccles, Ioannou & Serafeim, 2014). Leadership is essential to guide and motivate organizations in adopting ESG practices. Pless, Maak, and Waldman (2012) note that responsibility-oriented leaders are key to corporate sustainability success as they can navigate the complexities of ethical and strategic decisions. Furthermore, Agle, Mitchell, and Sonnenfeld (1999) argue that stakeholder salience is crucial for leaders, as their values and perceptions influence the prioritization of ESG initiatives.

This type of leadership is essential to build teams that not only meet organizational expectations, but also anticipate and respond to stakeholder demands. Along these lines, Hersey and Blanchard's situational leadership theory (Davis et al., 2003) is relevant here, as it proposes that leadership style should be adjusted according to the level of development and motivation of subordinates. This is especially relevant in the context of ESG, where leaders must adapt their approach to the diverse competence and commitment within their teams.

ESG implementation often requires significant organizational change. Benn, Edwards, and Williams (2014) emphasize that organizational change for sustainability involves not only adjustments to structures and processes, but also a transformation in organizational culture. Cizmaș, Feder, Maticiuc and Vlad-Anghel (2020) stress the importance of adaptive organizational structures that can respond quickly to the changing demands of stakeholders and the regulatory environment. This change is essential for effective ESG integration at all levels of the organization.

Sustainability is also influenced by external factors, such as market and regulatory pressure. Bansal and Roth (2000) identify that companies go green not only because of an intrinsic commitment to the environment, but also in response to external pressures, highlighting the need for strong leadership that can balance internal and external demands.

Recruiting and selecting leaders to manage ESG is a critical process that requires identifying talent with specific sustainability competencies. Chiavenato (2014) highlights that effective recruitment must attract candidates who not only possess the necessary technical skills, but also share the organization's values. Success in this area is critical to ensure that ESG practices are effectively implemented and aligned with the company's strategic objectives (Ivancevich, 2009).

Training is essential for the development of sustainability competencies within organizations. Noe (2015) defines training as a planned effort to facilitate the learning of job-related skills and knowledge, which is crucial for the internalization of ESG practices. Senge (1997) highlights that organizational learning is a continuous process that depends on individual learning, which underlines the importance of constant training in an emerging area such as ESG. Finally, it should be noted that ESG implementation presents significant challenges, especially in terms of cost and organizational complexity. According to Sebrae (2023), one of the main obstacles is the cost of implementing ESG actions, which underlines the need for leadership that can optimize resources and maximize impact. Furthermore, as suggested by Agle et al. (1999), stakeholder perception and prioritization influence the adoption of these practices, which requires continuous assessment of stakeholder interests and expectations.

Methodology

This study employs an exploratory qualitative methodology, an approach suitable for investigating complex phenomena in emerging areas where pre-existing theories are limited (Creswell and Poth, 2016). Given that ESG practices are relatively new and underexplored, this methodology is ideal for capturing variations in organizational management structures (Marshall & Rossman, 2016).

The methodology involves a questionnaire of 23 open-ended qualitative questions designed to explore leadership team formation and implementation of ESG practices. The questions are structured around key variables such as leadership, recruitment, and training, allowing for an in-depth inquiry into how ESG responsibilities are managed within organizations. Purposive sampling is employed to select a representative sample of distributor organizations reflecting diverse ESG management strategies (Patton, 2002). This approach ensures an exploration of the organizational particularities that influence ESG management, providing a broader understanding of the field.

Data are analyzed using thematic analysis according to Braun and Clarke (2006), which facilitates the identification of recurring themes and nuanced understanding of aspects such as leadership involvement and team structure. All interviews are conducted under ethical guidelines that ensure the consent of the participants.

Results

The participants were 5 companies, which are presented below identifying the position of the interviewed professional and general Company´s description.

Figure 1

Company	*Professional Position Interviewed*	*Company´s descripction*
Company 1	Sustainability Manager	A subsidiary Corporation, with 28 years of experience and presence in seven agricultural production states. The Company is a distributor of products and services tailored to the needs of its customers and is present in all stages of the grain production chain, from financing to commercialization.
Company 2	Executive Director of Corporate Governance	With 38 years of experience, this Company offers a complete portfolio of technological solutions and is one of the largest providers of solutions for rural producers today, based mainly on technology. It provides agricultural inputs, technical assistance, and agricultural financing covering over 8,500 producers in three states.
Company 3	Corporate Sustainability Manager	This Company spans in different Brazilian states and in the main agricultural regions of Colombia. It is the first distributor of agricultural inputs in Latin America. It is now the largest distributor of agricultural inputs in Brazil, covering almost 60 million hectares of agricultural production in Latin America.
Company 4	Sustainability Manager	Since its founding in 2001, the Company has been a trusted provider of top-quality products and services in the pesticides, fertilizers, and seeds segments. They offered a comprehensive range of solutions to meet the diverse needs of their customers. Today it is one of the largest distribution platforms for agricultural and livestock inputs in Brazil.
Company 5	Carbon and Innovation Project Leader	The Company began its activities in 1995. They operate in 57 stores, 3 industrial parks, 2 research centers, 2 seed processing units, and 1 fertilizer mixer. It has a Technical Department composed of more than 145 professionals, including agronomists, agricultural technicians, and researchers.

Source: authors

This study identified several key emerging themes related to the management of ESG practices at agricultural input distributors in Brazil.

1. Structuring of Sustainability Teams

The analysis revealed that most distributors have formed dedicated sustainability teams, although the size and composition of these teams vary significantly. In some organizations, the teams are broad and multidisciplinary, incorporating experts in environmental engineering, corporate sustainability, and governance. In others, teams are smaller, often limited to a sustainability leader and an assistant, reflecting differences in the resources available and the priority given to ESG practices. As one interviewee noted, “Our team started with only two people, but has grown as sustainability has become a strategic pillar for the company.” In addition, the organizational structure varies, with some sustainability teams reporting directly to senior management or the risk board, while in other cases they are embedded in traditional areas such as strategic planning or legal management. This organizational diversity suggests that while sustainability practices are being recognized as essential, the way in which they are institutionalized within companies can differ widely.

2. Influence of Leadership on ESG

Senior leadership has a significant impact on how ESG practices are implemented within companies. In companies where senior leaders are actively engaged in sustainability, ESG initiatives tend to be more deeply integrated and receive greater organizational support. One participant commented, “Our CEO demands regular reporting on ESG compliance, which has driven the entire organization to align with these practices.” However, not all companies show the same level of commitment from top management. In some, the drive toward ESG adoption comes more from external pressure, such as from investors or regulators, than from internal conviction. This creates variations in the speed and depth with which ESG practices are implemented in different areas of the company, reflecting a tension between strategic vision and day-to-day operations.

3. Risk Management and Communication Strategies

Risk management associated with sustainability and communication with stakeholders are critical but challenging aspects for companies. All organizations use risk matrices to identify and mitigate potential impacts, especially regarding environmental issues. However, measuring and managing risks related to social and governance dimensions' present greater difficulties, as there is a lack of standardized tools and clear methodologies. For example, one interviewee noted, "While we can measure and mitigate environmental risks relatively easily, we are still struggling to develop effective metrics to assess our governance impacts." This challenge is exacerbated by the need to communicate these risks and their mitigations effectively to an external audience, which is crucial to maintaining the company's credibility and reputation in the marketplace. In addition, communication strategies vary considerably. Some companies have developed dedicated institutional relations sectors to manage interactions with the market and stakeholders, while others rely on their sustainability teams to take on this role, often resulting in less specialization and more limited integration of strategic communication.

The findings presented are closely related to the research questions posed in this study. The formation of ESG leadership teams and their organizational structure directly answers the question of how these teams are being managed in agricultural input distributors. The diversity in the composition of these teams and their integration into different areas of the organization reflect the variability in the priority given to ESG practices. On the other hand, the influence of leadership addresses the second research question related to the profiles and competencies of professionals involved in ESG management. The importance of top management support for the success of these initiatives is evident, as well as the differences in the adoption and promotion of sustainable practices according to the degree of leadership commitment.

Finally, risk management and communication strategies are aligned with questions about the processes for recruiting, training, and integrating ESG teams, as well as strategies for ensuring organizational commitment. Companies face challenges in risk measurement and management, especially in areas of governance, indicating the need for a more robust and standardized approach to these critical aspects.

Despite the identification of common themes, there are significant variations in how companies manage ESG practices. One of the main variations is in the structure and size of sustainability teams. While some companies have established large, specialized teams, others rely on small teams or even a single sustainability leader, which limits their ability to implement deep change. Another important variation is in the level of leadership commitment. In companies where senior leadership is deeply involved, ESG practices are better integrated and have greater impact on the organization. However, in companies where leadership is less proactive, ESG adoption is more superficial and relies heavily on external pressure.

Finally, there are differences in communication and risk management strategies. Some companies have developed sophisticated strategies for communicating their ESG efforts and managing risks, while others are still in the early stages of establishing these practices. These variations reflect different levels of maturity in integrating ESG into business strategy and underscore the importance of an approach tailored to the specific needs and capabilities of each organization.

Discussion

The results of this research reveal several significant findings on the organization of teams responsible for the management of ESG practices in agricultural input distributors. First, it is observed that the formation of teams dedicated to sustainability management has become a common practice in these distributors. These teams, often referred to as "Sustainability Teams," play a key role in coordinating and implementing various initiatives related to sustainable practices. However, there is notable variability in the size, composition, and organizational structure of these teams, as well as in their relationship to other areas within the company.

The diversity in team composition and size reflects an adaptive approach to the specific needs of each company, which is consistent with the observations of Cizmaș et al. (2020), who note that the organizational structure of sustainability teams can vary significantly depending on the context and objectives of the company. For example, some distributors have large, specialized teams, while others operate with smaller teams due to budget constraints or the perception of sustainability as a secondary initiative. This variability suggests that, although sustainability is recognized as a key component of business strategy, its effective implementation is highly dependent on organizational support and the allocation of adequate resources.

In terms of the objectives and responsibilities of these teams, a duality in their approach was identified. On the one hand, they seek to align the company internally with ESG practices, involving employees in the process. On the other hand, there is a focus on building a reputational image of the company as "sustainable" in the market and among other external stakeholders. This duality reflects the complexity of sustainability management in the business context, where internal and external demands must be balanced (Benn, Edwards & Williams, 2014).

Furthermore, the influence and power of these teams in the company's strategy and operations are directly related to the support of top management and their ability to influence other internal areas and relationships with external stakeholders. It was observed that the degree of top management support varies among distributors, resulting in different levels of integration and effectiveness of ESG practices. This finding is aligned with literature suggesting that executive leadership is a critical factor for the successful implementation of sustainable initiatives (Eccles, Ioannou & Serafeim, 2014). However, challenges were also identified, especially in the interaction with the sales team, where concerns about losing business may limit the implementation of sustainable practices. This is consistent with the findings of Agle, Mitchell, and Sonnenfeld (1999), who argue that short-term financial interests may conflict with sustainability goals.

Regarding the recruitment and selection of leaders for these teams, a combination of internal and external hires was found. Leaders interviewed highlighted the importance of having experience and expertise in sustainability, as well as the ability to influence and communicate effectively with other areas of the company. This underscores the importance of having skilled leaders who can navigate the complexities of ESG management, a key aspect noted by Pless, Maak and Waldman (2012) in their studies on responsible leadership.

The process of educating and training internal teams in ESG practices was also analyzed, finding different approaches, from formal training sessions to the integration of ESG concepts into the organizational culture. However, it was recognized that much remains to be done in terms of capacity building and knowledge dissemination, both within the company and with external stakeholders. The need for continuous training is critical to ensure that all levels of the organization understand and adopt sustainable practices, as suggested by Bansal and Roth (2000) in their research on corporate sustainability.

All these findings are aligned with the hypotheses initially formulated. While some distributors limit their sustainability teams due to cost concerns and lack of measurable financial results, others are responding to market and stakeholder demands by forming larger teams dedicated to sustainable practices. In addition, since ESG is a relatively new topic in the agricultural sector, some distributors may not have clearly defined roles and responsibilities for recruiting their leadership teams. There is also the possibility that environmental issues may take precedence over social and governance issues as distributors internalize knowledge of ESG practices, potentially relegating the latter to the background, as observed in previous studies by Eccles et al. (2014).

Conclusion

The research results highlight the growing importance of sustainability management among agricultural input distributors and provide valuable insights into how these organizations are addressing this challenge. The findings emphasize the evolving nature of sustainability efforts in the agricultural sector and the importance of addressing various ESG dimensions in organizational strategies and practices. Clearly, dedicated sustainability teams play a crucial role in implementing ESG practices and creating value for both the company and its stakeholders. However, challenges and areas for improvement were also identified, which will require continued attention in the future.

Regarding the limitations of the study, it is important to consider that while the qualitative approach used provides a deep perspective on the management of ESG practices, it also introduces certain limitations that must be acknowledged. These include researcher bias and subjectivity in data analysis, which were addressed through triangulation and participant verification to ensure reliability. Additionally, the small sample size and purposive sampling limit generalization, meaning the findings are context-specific and may not be applicable to all agribusiness sectors.

Future research could explore the longitudinal evolution of sustainability teams within agricultural input distributors, tracking their strategies and outcomes over time to assess their effectiveness. Additionally, comparative analyses between different types of distributors could shed light on best practices and the factors influencing sustainability management. These research avenues would not only deepen our understanding of sustainability management in the distribution of agricultural inputs but also offer practical insights for improving sustainability practices and performance.

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