Opinion

ESG (Environmental, Social and Governance) in construction civil: concept that can contribute to the sector

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The search for a sustainable development path capable of satisfying the needs of the current generation without compromising the well-being of future generations is not a new challenge. In recent years, climate change and, more generally, the transition to a sustainable development model have become increasingly important. According to the European Central Bank [1], guidelines on sustainable finance, a company aims to develop value by adhering to relevant ideals, such as fair remuneration for employees, respect for ethical and social values and preservation of the environment.

Although there has been a development in sustainable and responsible investments in the last ten years [2], there are companies that are convinced that the more environmentally friendly, the more the effort will harm competitiveness, as it will increase their costs and bring no benefits. Financial (Nidumolu, et al. 2009).

The United Nations 2030 Agenda for Sustainable Development, launched in 2015, reiterated the idea that well-being should consider certain factors, such as justice, both within and between generations, and sustainability [3]. Paris Agreement [4], which was signed in the same year, recognized the need to accelerate economic decarbonization and safeguard the environment for the benefit of present and future generations. Above all, Europe has made Development Goals (SDGs) a cornerstone of its future plans to achieve carbon neutrality by 2050.

Environmental, social and corporate governance (ESG) is an extension and enrichment of the socially responsible investment (SRI) concept and is an important measure of sustainable corporate development Alonso, et al. [5] and Batty, et al. [6].

With the rise of the green concept, an increasing number of companies accept ESG rating agency assessments. However, existing studies on responses to the validity of the ESG classification are controversial. Scholars who support ESG ratings argue that such assessments objectively and effectively measure a company’s ESG efforts through its competitive advantage, social reputation, and operational performance to provide stakeholders with comprehensive and comparable data to correct information asymmetries Capucci, et al. [7] provide access to resources and reduce regulatory and reputational risks Bually, et al. [8] and Humphrey, et al. [9].

In contrast, other scholars argue that ESG ratings are ineffective, believing that ESG ratings lead companies to symbolically comply with external requirements to obtain various benefits, which may not necessarily significantly improve their corporate sustainability behavior Garvey, et al. [10]; rather, they represent institutional setback and can mislead stakeholders Avestyan, et al. [11] and Entine, et al. [12].

Metrics and performance indicators stand out as important tools that allow measurement, and evaluation and help managers in the decision-making process, as shown by Roth & Kåberger [13], Zito & Salvo [14], Eboli & Mazzulla [15], Manaugh, et al. [16], among others.

ESG in construction, or any other area, is a central theme in the corporate environment. Research by the Chief Executives for Corporate Purpose (CECP) shows that seven out of ten corporations evaluate the performance and remuneration of their professionals with metrics based on this concept (Gren Nuilding Council Brasil 2021). There is a clear benefit in the adoption of ESG indicators in the development of projects.
in the sector: the reduction in the consumption of natural resources and, consequently, a smaller impact of the work on nature. However, other contributions go beyond the environmental issue (Gren Nuilding Council Brasil 2021).

References


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