

# THE CORPORATE SOCIAL RESPONSIBILITY

Focusing on Consulting/Advisory, Banking and Retail business sectors

Patrícia Alexandra Justino Pereira

Dissertation submitted as partial fulfillment of requirements for  
Master in Management

Supervisor:  
Prof. Nuno de Dion Moniz da Cunha Lucas

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## **Resumo**

O tema da Responsabilidade Social Corporativa (RSC) é cada vez mais debatido, ganhando maior relevância na sociedade em que vivemos. Esta temática está progressivamente mais presente nas políticas e decisões dos gestores, nomeadamente nas três principais dimensões, económica, social e ambiental, devido à mudança e exigências que a sociedade impõe.

Contudo, verifica-se ainda a desvalorização da opinião dos trabalhadores em relação à implementação de políticas de RSC por parte dos gestores. Neste sentido, este estudo teve por base uma revisão da literatura de modo a ser percebida a opinião dos críticos desta temática. De seguida, foi aplicado um questionário a trabalhadores que atualmente desempenham funções em empresas de Consultoria, na área da Banca ou que trabalham em empresas de Retalho, cujos dados foram submetidos a um tratamento quantitativo. O principal objetivo deste inquérito foi perceber a importância que os trabalhadores dão à prática de políticas de RSC e qual seria o impacto que estas ações teriam na organização, na perspectiva dos colaboradores.

Os resultados indicaram que os trabalhadores, independentemente do ramo de atividade, consideraram que a implementação de boas políticas de RSC são uma mais-valia para o próprio, caso estas sejam coerentes com as suas necessidades.

De acordo com as questões relativas ao impacto que estas práticas teriam na organização, a totalidade dos inqueridos concorda que a implementação destas políticas podem satisfazer as suas necessidades e maximizar a reputação da organização, e ainda cerca de 91% dos inquiridos reconhece que boas práticas podem melhorar o desempenho financeiro e a lucratividade das empresas, fornecendo bens e serviços de qualidade.

**Palavras-chave:** Responsabilidade Social Corporativa; decisão dos gestores; opinião dos trabalhadores; impacto de práticas de RSC

**Classificação JEL:** M14 – Cultura corporativa; Diversidade; Responsabilidade social

J24 – Capital humano; Habilidades; Escolha profissional; Produtividade do trabalho

## **Abstract**

The Corporate Social Responsibility (CSR) theme has increasingly debated, reaching greater relevance in the society in which we are living. This thematic is frequently present in the policies and decisions of managers in the organizations they are leading, namely in the three main dimensions, economic, social, and environmental, due to the change and demands that society imposes.

However, there is still a devaluation of workers' opinions regarding the implementation of CSR policies by managers who oversee decision making. In that way, this study was based on a literature review to understand the critics' opinions of this theme. Then, a survey was applied to workers who currently are working in consulting companies, in the banking area, or retail companies, and the data was submitted to quantitative treatment. The focal objective of this survey was to understand the importance that workers give to the practice of CSR policies and what impact these actions would have on the organization by employees' perspective.

The results indicated that the employees, regardless of the industry which they are working for, considered that the implementation of good CSR policies is an added value for the employee if they are consistent with his needs.

Regarding questions related to the impact of these practices would have on the organization, all respondents agree that the implementation of these policies can meet the needs of workers and maximize the reputation of the organization. Still, around 91% of the respondents acknowledge that good CSR practices could improve companies' financial performance and profitability by providing quality goods and services.

**Keywords:** Corporate Social Responsibility; decisions of managers; workers' opinion; the impact of CSR actions

**JEL Classification System:** M14 – Corporate culture; Diversity; Social Responsibility

J24 – Human Capital; Skills; Occupational choice; Labor productivity

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## **Abbreviations Index**

CRS – Corporate Social Responsibility

RSC – Responsabilidade Social Corporativa

SR – Socially Responsible

CED – Committee for Economic Development

SLO – Social License to Operate

TBL – Triple Bottom Line

CSR-FP – Corporate Social Responsibility-Financial Profit

## 1. Introduction

Nowadays, the concept of Corporate Social Responsibility (CSR) is one of the most important subjects within the politics and business sectors. Considering that the debate around CSR has assumed national, international and global dimensions, current business organizations that aim to maintain or to increase their market share must consider this subject, especially in terms of its implications for business policies.

The concept of CSR was firstly created by Berle and Means (cit. in Wells, 2002), who established the perpetuation of the shareholders' rights through greater transparency and accountability, namely in large organizations, where several regulatory instruments separate the control and the ownership. The shifts in private property and public ownership of corporations' dates to the Wall Street crash in 1929, since some capitalist ideologies were causing corporate irresponsibility.

According to Bowen (1953), considered as the father of CSR, businessmen should pursue transparency and accountability policies, since these would result in the production of several social goods, such as: 1) widespread economic progress and security; 2) higher standards of living; 3) justice, freedom, and order; and 4) the development of the person. In other words, Bowen (1953) defends that CSR includes other responsibilities within the business sector, directly related to stewardship, responsiveness, corporate citizenship, social audit, and rudimentary stakeholder theory. Nonetheless, it is essential to add that CSR geographically spread from its original US setting, becoming a global concept and being well established in Europe, as it has been demonstrated by Habisch, Jonker, Werner, and Schmidpeter (2005).

The main objective of the present investigation is to create a guideline document that comprehends the best CSR practices, aiming to be easily implemented in any organization, independently of its business sector. The goal is to develop a simple and straightforward guideline document, helping every organization to achieve CSR practices and activities, focusing on the improvement of its financial and social performance. It is essential to mention that the developed guideline document will be tested and implemented in a specific organization, aiming to assess its validity and application within the broader business market.

The questionnaire will be the primary tool to answer the crucial question: Which is the employees' opinion regarding the CSR actions that their companies are applying or should implement?

The present study was divided into five different main chapters.

Firstly, in chapter 2, we present the literature review, which focuses on the approach of the most important concepts of the study. In more detail, in this chapter we present an historical background of the concept of CSR, as well as a current contextualization of the CSR in the 21<sup>st</sup> century, the definition of the concept and several theories that are directly related to CSR, namely the stakeholder theory, the social contract theory and the legitimacy theory. Afterward, it will be discussing some of the different perspectives of CSR within organizations, followed by its importance within the business sector, and the CSR in the sustainable development, directly related to the triple bottom line theory. Then, we discuss the relationship between brand image and CSR, as well as between CSR and corporate reputation, immediately followed by an approach of the main drivers of CSR. Then, we will present the business case for CSR, which explains the relationship between financial and social performance and the main instruments that are used to measure CSR (surveys, content analysis of disclosures in corporate publications, spending measures, unidimensional indicators, reputational measures, and multidimensional ethical ratings).

In chapter 3, we present the methodology that was adopted throughout the study, discussing the research context and the data collection methods, which include the application of a survey to 50 collaborators of each company (3 companies in total), which gives a total of 150 collaborators, is the study's sample.

In chapter 4, we present the survey's results analysis, also characterizing, and in more detail, the study's sample and its statistical analysis.

In chapter 5, we present the main conclusions, where the guideline document will be proposed, consisting of the result of the conducted investigation.

Finally, in chapter 6, we present the main limitations of the study, as well as some recommendations for future research.

## **2. Literature Review**

The main question that this investigation wants to answer is: Which is the employees' opinion regarding the CSR actions that their companies are applying or should implement?

### **2.1 Corporate Social Responsibility concept**

The concept of corporate social responsibility was defined by Kok, Van der Wiele, McKenna and Brown (2001, p. 287) as consisting in the firms' obligation "to use its resources in ways to benefit society, through committed participation as a member of society, taking into account the society at large, and improving the welfare of society at large independently of direct gains of the company". In turn, Smith (2002, p. 42) defined CSR as referring to "the integration of business operations and values whereby the interests of all stakeholders, including customers, employees, investors, and the environment, are reflected in the organization's policies and actions". Nevertheless, Antal and Sobczak (2007) suggested that the concept of CSR also comprehends corporate sustainability (CS), which is related to a type of development that meets the needs of the present, but without compromising the future generations' needs.

Still, CSR also includes the companies' relationship with society, as well as their responsibility within the political arena that is associated with the businesses' power, which is why the political theories of CSR comprehend corporate citizenship, corporate constitutionalism and integrative social contract theory (Garriga & Melé, 2004). According to several authors, CSR practices can either be discretionary or represent a more sustained commitment, being conceived as dynamic and process-based or focused on a particular state or condition within an established boundary. Regarding CSR activities, these can be construed as voluntary or more of an obligation/commitment in nature and be directed towards all the company's stakeholders or just to a specific group of stakeholders (Kotler & Lee, 2005; MacLagan, 1998).

In the present work, we will consider the definition presented by Maignan and Ferrell (cit. in Özdemir & Dinçer, 2013), and Institute of Medicine (2007) in US, which suggested that CSR is defined as the extent to which organizations' businesses meet the economic, legal, ethical, discretionary and environmental responsibilities that are imposed by their

stakeholders. This definition is giving the fact that it comprehends the main social responsibilities. Regarding the organizations' ethical responsibilities, they are obliged to abide by specific moral rules, which define the most appropriate behaviors within society. Moreover, organizations have the responsibility to create profit and to meet the consumers' needs, since they are an essential part of their economic effect. In terms of their discretionary responsibilities, organizations must develop several business activities that, despite not being required by law, are expected by their stakeholders, especially as a demonstration of good citizenship. Companies are giving more importance to environmental responsibility, being more aware, and trying to implement activities to have sustainable development. Organizations also have a legal responsibility, more precisely, to fulfill their economic mission within a specific legal framework while simultaneously conforming to all in-effect laws, and at the same time, being a positive environmental effect.

In Table 1, the organizations' five kinds of social responsibility are presented, as well as briefly characterized.

<b>Type of social responsibility</b>	<b>Description of social responsibility</b>
Legal responsibility	<ul style="list-style-type: none"> <li>• Compliance with the law: the organizations' activities and operations must comply with requirements at national, regional, and district levels.</li> </ul>
Ethical responsibility	<ul style="list-style-type: none"> <li>• Organizations must show behaviors and attitudes that are consistent with social norms and beyond the requirement of the law; it reflects the organizations' concerns for what employees, consumers, shareholders, and the community in general regard as fair, simultaneously protecting the moral rights of the organizations' stakeholders.</li> </ul>
Economic responsibility	<ul style="list-style-type: none"> <li>• Organizations can make and maximize their profits by producing quality services and goods that are needed and required by society.</li> </ul>



Philanthropic responsibility	<ul style="list-style-type: none"> <li>• Includes monetary donations and aid provided to local organizations and impoverished communities around the world;</li> <li>• Organizations can engage in several voluntary actions to enhance societal welfare.</li> </ul>
Environmental responsibility	<ul style="list-style-type: none"> <li>• Companies can promote environmental activities to alert workers to more significant concerns for the environment.</li> <li>• Promote and advise their workers to take these kinds of actions in their daily lives.</li> </ul>

Table 1 – The main types of organizations’ social responsibilities (Institute of Medicine, 2007)

## 2.2. The historical background of CSR

Frederick (1960) claimed that CSR is associated with the use of society’s resources, both human and economic, to the benefit of society in general, and not just for corporate entities and their owners. Therefore, according to this author’s perspective, corporate entities’ management is related to the creation of wealth for both the business and the society, going partially beyond the companies’ direct technical and economic interests. One decade later, Johnson (1971, p. 50) established that “a socially responsible firm is one whose managerial staff balances a multiplicity of interests instead of striving only for larger profits for its shareholders”, therefore presenting the convention of CSR.

In 1971, the Committee for Economic Development (CED) presented a triple concentric model of the concept of CSR, which was constituted by three distinct circles:

- 1) The inner circle, including the clear-cut essential responsibilities for the efficient execution of several economic functions, such as job and economic growth, as well as productivity;
- 2) The intermediate circle, related to the burden of changing social values and priorities through the economic function, namely those that are associated with employee relations, environmental conservation, fair treatment, and protection;

- 3) The outer circle, which comprehends other responsibilities that are also extremely important to the business sector, since they are related to a broader improvement of the social environment/society (Sen, 2011).

On the other hand, Sethi (1975) proposed a three-tiered model to classify the corporate behavior, more precisely in terms of the increasing levels of commitment that companies must assume, directly related to: 1) social responsiveness; 2) social obligation; and 3) social responsibility. Thus, this author considers that social responsibility goes way beyond social commitment since it also includes the need to integrate the corporate behavior, which must be congruent with the prevailing social norms and with the stakeholders' expectations and values.

Regarding the model that was presented by the CED, Carroll (1999, p. 274) suggested that it is "a great contribution to the concept of CSR, which illustrates the changing relationship between business and society". Nevertheless, the author developed a distinct model (Figure 1), which focuses both on societal and capitalistic expectations. In more detail, the first conception of this model assumes that the "history of business suggests an early emphasis on the economic and then legal aspects and later a concern for the ethical and discriminatory aspects" (Carroll, 1979, p. 500). Therefore, and based on such assumption, it is possible to conclude that business has an economic issue as its foundation, immediately followed by legal, ethics, and philanthropic actions. That is, the success of philanthropic activities depends on the success of the ethics, legal, and economic wellbeing of the companies.



Figure 1 – CSR Pyramid model (Carroll, 1979)

At last, and returning to Carroll (1999), the author claims that, and as the new millennium approached, the concept of CSR would remain as a crucial part of the business sector, both in terms of practice and language, given the fact that it is an essential foundation to several theories, being continually consistent with the public's expectations towards the current business community.

### 2.3. CSR in the 21<sup>st</sup> century

More recently, several authors have demonstrated that organizations have a significant impact on both the environment and the society, especially through their services, operations, products, and interactions with their stakeholders, which clearly illustrates why CSR is fundamental to small and large companies. As a matter of fact, CSR is currently acknowledged as a very important dimension of the contemporary business sector, with business leaders attributing an increased significance to this issue and clearly recognizing the importance of the CSR in their businesses' survival and success (Aaronson, 2003; Lucas, Wollin & Lafferty, 2001; Perrini, Russo & Tencati, 2006).

It is noteworthy to mention that the marketing and management literature has contributed to the definition and characterization of the concept of CSR, as well as to the discussion of the best practices within the business sector (Garriga & Melé, 2004). Even though there has been demonstrated that CSR in large companies should be based on the stakeholder theory and that in small and medium-sized enterprises (SMEs), it should be based on the social capital theory, by Russo and Perrini (2010).

As it is pointed out by Wells (2002), and even if some authors consider that the CSR is not that important in the present century, the CSR literature is rapidly becoming an imperative for several actors that develop distinct roles within the community, governmental and business sectors, both national and internationally. Indeed, even though the structure of the debate regarding the concept of CSR remained constant over the past few years, at the end of each decade, several reasons are provided that justify why corporations must indeed assume greater responsibility. Therefore, it is possible to conclude that CSR is not a new solution to a static problem, but a static solution to a constantly new kind of problem.

#### **2.4. The stakeholder theory**

Over the past years, the concept of stakeholders has been defined by several authors. Freeman, Wicks, and Parmar (2004) argued that stakeholders are those groups that are considered to be crucial to the organization's survival and success. However, and in a more detailed approach, Friedman and Miles (2006) established that stakeholders are employees, customers, suppliers, local communities, distributors, and shareholders. Furthermore, there are also other groups that are considered as stakeholders, which include the public, the media, the past and future generations, business partners, competitors, NGOs, academics, stakeholder representatives (trade associations of distributors or suppliers and trade unions), competitors, financiers other than stockholders, policymakers, the government and regulators.

The consideration of stakeholders as the group on which the organization is genuinely dependent for its survival and success is based on a traditional perspective of the firm since the core idea of this concept is that organizations must address a set of stakeholder

expectations, while the management choice results from the stakeholders' influences. The central tenets of the stakeholder theory are the following ones:

- 1) The approach is focused on managerial decision making;
- 2) The method is mainly concerned with the nature of the relationships between the organization and its stakeholders, namely in terms of the outcomes and processes for both the organization and the stakeholders;
- 3) The organization's relations with its stakeholders' effect and are also affected by its decisions;
- 4) The interest of all the legitimate stakeholders has an intrinsic value, while no set of benefits is assumed to dominate over the others (Jones & Wicks, 1999).

In turn, the organization's external stakeholders include institutional investors, consumers, customers, and communities in those areas where the organization operates, as well as academics, the media, and regulators. As it is pointed out by Branco and Rodrigues (2007), the stakeholder theory of CSR is related to the inclusion of all groups in the managerial decision-making process, which is, in turn, associated with the organization's socially responsible activities. Hence, this specific theory implies that the CSR collaborations are positively accepted, mainly when they act following the interests of the organization's stakeholders, which is the concern of the organization.

In fact, it is by focusing on the stakeholders' satisfaction that the CSR can lead to an enhanced performance, given the fact that it is willing to create such intangible assets, related to both the reputation and the image, which result in the creation of a competitive advantage that ultimately leads to an enhanced financial performance of the organization. Furthermore, this stakeholder theory also maximizes the shareholder value, considering that the only possible way to truly maximize the sustainable value is to satisfy all the stakeholders' needs (Freeman, Harrison, Wicks, Parmar & De Colle, 2010).

Since organizations are considered to be a member of society, they have an inherent responsibility towards several stakeholders of society, more precisely:

- 1) Investors, owners, and shareholders, since they must take care of the maintenance of the value of their investments, mainly by providing them with a fair return on their shares;

- 2) Employees or workers, by offering appropriate salaries and several monetary incentives, motivating the employees/workers to work efficiently and effectively;
- 3) Consumers, by producing standard services and goods, providing them to consumers at the right time and the correct prices;
- 4) Society, by providing their services to the community and solving several social problems, such as poverty, unemployment, education, and environmental degradation;
- 5) Environment, by contributing to the mitigation of environmental pollution, namely through the implementation of the necessary preventive measures to solve some of the environmental problems;
- 6) State by paying fair taxes and other contributions that are under the law, as well as by contributing to the promotion of social stability, development, and progress (Poudel, 2018).

In sum, CSR means that organizations should be held accountable for all of their actions, especially those that affect people, communities, and the environment. Friedman and Miles (2006) claim that businesses are successful when organizations maximize their profits. In order to achieve it, organizations need excellent services and products that customers truly want, solid relationships with their suppliers, since they maintain the organizations' operations on the cutting edge, inspired employees who comply to the organizations' mission and do their best to the success of the organization, and supportive communities, since these allow organizations and businesses to flourish and be successful.

In that way, if the organizations have focused on the first purpose mentioned for investors, owners, and shareholders, the other cited goals could be achieved.

However, it is noteworthy to mention that this stakeholder theory has two main limitations, which were identified by some authors within the literature. One of the main criticisms to the stakeholder theory is related to the fact that the natural environment was not considered to be a stakeholder, even though some authors clearly argue that it should not be considered as such, given the fact that stakeholders usually refer to groups or individuals (Branco & Rodrigues, 2007; Phillips & Reichart, 2000). The other criticism to this theory is related to the assumption that the power of the stakeholder groups is indeed weakened by such approach, considering that it is based on the idea that

organizations must treat all equally, which could, in turn, result in the damage or elimination of labor unions. Moreover, organizations would also become weak since they ought to serve all the stakeholders' interests, making it quite difficult to simultaneously satisfy all stakeholders' needs and protect the organizations' owners (Lam & Khare, 2010).

## **2.5 The social contract theory**

It has been established that the social contract theory emerged during the 17<sup>th</sup> century, more precisely through the work of Hobbes, which was later on developed by influential philosophers until the 18<sup>th</sup> century Locke (1690); Rousseau (1762), taking a quite distinct direction. Indeed, Locke has argued that the shape of both the social and the natural environment is an apolitical, yet moral, society, where social actors are compelled to conform to divinely natural law. Therefore, a more contemporary social contract theory aimed to demonstrate that individuals and/or social groups have liberties and rights, which are adequately founded on mutually beneficial agreements established between society's members. Nonetheless, Moir (2001) emphasizes that even though the social contract theory could explain the original motivation, it might not justify the organization's involvement per se, being considered as a part of a commercial or reputation benefit, while simultaneously including the gain and maintenance of legitimacy, as well as the manipulation of society. Thus, an organization might undertake a corporate social behavior due to two specific reasons: 1) to the fact that the activity is related to the organization's primary or secondary activity, resulting in a business return; or 2) to the fact that the organization aims to influence specific stakeholder groups.

On the other hand, and regarding the concept of the social contract, it is noteworthy to mention that it refers to social networks and its reciprocities and values within the business sector. Over the years, the social contract theory has gained significant importance within CSR studies, especially in those that analyze and assess such a concept from a multinational business perspective. Moreover, these types of contracts suggest some level of selfless behavior, while the self-interest suggests selfishness, being possible to find a breach within the social contract, which corresponds to a failure in terms of the compliance to social expectations, ultimately resulting in the resolution of the agreement itself (Deegan & Gordon, 1996).

More recently, Moffat, Lacey, Zhang, and Leipold (2015) claimed that the concept of Social License to Operate (SLO) is very similar to the concept of the social contract, which is why it is pertinent to approach it in the present subsection. SLO was originally introduced in the United Nations initiative, more precisely that of “free prior informed consent”, which is needed by organizations before they start their activities in indigenous communities (Wilburn & Wilburn, 2011). In more detail, these indigenous communities had to approve the organizations’ activities before their start, especially after having access to all the relevant information to inform their decision, either to give or to withhold consent. However, this is not a frequent practice, given the fact that these specific communities do not have access to all the necessary information before making their decisions (Moffat et al., 2015).

According to Martinez and Franks (2014), the SLO is considered as the continuous support that organizations receive from stakeholders, namely through several processes of negotiation, consisting of an approval that can actually be sustained, weakened or lost, depending on the organizations’ operations and how sensitive they are to the needs/expectations of their stakeholders. Both the conceptualization and the operationalization of SLO has changed over the past years, more precisely from a point where the employment generation was the main element that was needed for the organizations to receive the social nod to enter and start their activities to a point where continuous community progress needs to be guaranteed, even after the organization exits the community. Yet through all the stakeholders’ needs/expectations that cannot be simultaneously satisfied, the majority approval may be needed to reduce the business’s risk and losses, which may arise from those stakeholders that do not see their needs fulfilled by the organization.

Nonetheless, Wilburn and Wilburn (2011) demonstrated that organizations do not need the consent of all the stakeholders to obtain and use their SLO since permission can be obtained from the affluent in the community that forms the minority or from the leaders of the community. Moreover, they also claim that the community consents cannot be considered as similar to a social license since these places stakeholders as equals as the members of the organization. Hence, organizations can negotiate with the community to obtain a SLO, not needing a consent, but just informing stakeholders of their future activities. The main problem of just informing all the stakeholders is related to the



possibility of the interests of the community being ignored, resulting in a volatile situation that can erupt into violence at a certain point.

Therefore, Thomson and Boutilier (2011) have presented a specific framework, aiming to identify the different levels of a SLO. The first level and the base of the pyramid is the level of withdrawn/withheld, where the stakeholders opposed to the continued existence and operation of the organization, not consenting with the development of their activities and operations and consequently restricting the organization in terms of its resources. The second level, which is acceptance, refers to the necessary stage of the SLO since the organization receives its legitimacy and support either to begin or to continue with its activities. The third level, related to the approval, is where the business risk is reduced since the organization continues to build its credibility next to its stakeholders. The fourth and last level is related to the psychological identification, where the organization receives the full consent and approval of its stakeholders. Still, and even though the authors tried to classify the different levels of a SLO, a clear distinction between the levels of acceptance, approval, and psychological identification is still lacking, as well as the measurement of the trust for each level (Thomson & Boutilier, 2011).

## **2.6. The legitimacy theory**

The concept of legitimacy is related to the generalized assumption that all the actions of an entity are desirable, appropriate, or proper, especially according to some socially constructed systems of beliefs, norms, definitions, and values. Therefore, it is possible to conclude that the legitimacy theory is truly based on communication, which justifies why it is essential first to examine some forms of corporate communication, more precisely when involving such approach within the organization's context. In sum, legitimacy may be considered as one of the main reasons why organizations undertake CSR since the prevailing values and norms of society are the factors that truly ensure the organization's legitimacy (Suchman, 1995).

Furthermore, legitimacy allows for organizations to act within the society's boundaries and norms, therefore allowing for corporations to consider that their corporate activities are within the scope of what is regarded as legitimate by the society in general.

Still, it is also important to note that society's boundaries are constantly shifting, being fundamental for organizations to be up to date and adapting whenever is necessary. Despite acting under the scope of what is legislated, it might still be prone to generate disappointment in public in general.

Maignan and Ralston (2002) suggested that the legitimacy theory is truly based on a reciprocal relationship between the organization and its stakeholders, even though the maintenance of such contact is considered to be the most crucial factor. Lastly, although some organizations practice CSR to obtain legitimacy and to create some publicity for their brands, organizations cannot use their actions to achieve legitimacy since society is the only one who can legitimate organizations, and when these correspond to its expectations.

## **2.7. Different perspectives of CSR within organizations**

The different views of CSR within organizations are mainly three, being related to distinct approaches, more precisely: to the adversary approach, to the rejection approach, and the employee pressure approach. Quite briefly, the adversary approach is related to a strategy that can be used by the organization to avoid undertaking some social actions. However, the organization might have to give in, especially under severe pressure to adopt such conduct. As a matter of fact, the implementation of CSR into the organization's business strategy is considered to be one possible approach, as well as the increasing corporate responsibility interest within such organization, being referred to as creating shared value (CSV), which consists in a model that supports the idea that the social welfare and the corporate success are indeed interdependent (Skinner & Mersham, 2008).

The rejection approach, on the other hand, is a strategy that organizations can implement to deny any responsibility in terms of their social actions. Sometimes, this strategy is validly used by organizations, especially when some groups make entirely unreasonable demands, even though it actually might lead to more pressure and fight, negatively affecting the organization's image towards the society.

Lastly, the employee pressure approach is directly related to some of the pressures that employees make on their employers/organizations, namely the need to increase the public recognition of some of their rights within the workplace, such as the non-discrimination

in firing, hiring and promoting. Over the years, CSR has successfully addressed several issues related to working hours and conditions, protection, fair wages, and healthcare, demonstrating that CSR can be extremely beneficial when it comes to solving several employees' issues or problems, therefore contributing to the organization's success and profitability (Matten & Moon, 2008).

## **2.8. The importance of CSR in the business sector**

Over the past decades, the concept of CSR has become multidisciplinary, being discussed in several areas, such as: accountancy, marketing, law, political theory, economics, and business ethics (Maclagan, 1998; Moon, 2001). Several studies demonstrated that the CSR actually creates customer loyalty, contributes to the health and growth of the business, enhances the organization's reputation and improves the organization's financial performance and profitability (Chen & Wang, 2011; Mandhachitara & Poolthong, 2011; Van der Laan, Van Ees & Van Witteloostuijn, 2008).

Indeed, CSR refers to a significant concept/issue within the global business community, having already moved into the mainstream business activity and affecting the relationships between organizations and their stakeholders, which include, in turn, employees, customers, governments, and other communities. Although CSR has initially been considered to belong within the domain of larger organizations, several authors are starting to recognize its importance within SMEs, which are considered to be a predominant form of business in every economy, presenting a significant net influence within the society. In sum, the notion that CSR is a win-win activity, especially to the business activity and to society, indeed illustrates the entire exchange process in such a dynamic relationship, which helps both parties (Sen, 2011).

It is noteworthy to mention that consumers' response to the organization's CSR activity is highly determined by their support on the specific type of business or domain, which is defined as being an area of corporate support (community, employee welfare, the operations standards, and the environment). Still, the marketers are responsible for the establishment of the CSR preferences amongst their consumers, aiming to improve the organization's competitive positioning and to produce more effective market

segmentation strategies. Thus, CSR is both a business strategy and a tactical public relations opportunity (Sen & Bhattacharya, 2001).

The organizations' image is frequently one of the main responsibilities of marketing, aiming to produce a positive impact on the organizations' businesses. Considering that marketing communications are used to convey a positive image of the organization, it is possible to conclude that the CSR also contributes to the maintenance of a positive image of the organization, therefore helping in its success. Nevertheless, and as it is pointed out by Margolis and Walsh (2001), CSR in the marketing sector has focused on understanding customers' perceptions of CSR, also assessing its role in the customers' responses to new products. The authors concluded that managers should frequently consider CSR management, especially in the business decision-making process, since it has a very positive impact in terms of the organization's financial performance.

Even though some studies proved that there is a positive relationship between the CSR of an organization and the consumers' reactions to that organization, there are still some investigations that demonstrated that such connection is influenced by several other factors, which affect the consumers' response to the organization and its products (Valor, 2008). Despite all of these essential aspects regarding the relationships between CSR, the organization and its consumers, the most crucial question is definitely related to the profitability of CSR, despite being extremely controversial: some authors claim that the idea of both short-term financial returns and long-term social benefits is a myth, while others state that CSR must be somewhat profitable, since otherwise, organizations would not pursue it so fiercely as they have in the past years.

Overall, many researchers have concluded that the relationship between financial performance and responsible business practices is truly inconclusive (Porter & Kramer, 2006). Still, these authors also suggested that CSR and philanthropy activities, in general, are an essential source of competitive advantage to any organization, especially from the consumers' perspective, ultimately helping the organization to achieve its goals and mission. In fact, this is quite easy to understand, given the fact that the authors claim that the CSR creates a positive image of the organization, which is considered to be honest and reliable, which will positively affect consumers' choices and decisions when it comes to the organizations' products/services, assuming that these have a better quality than

those of other organizations that do not undertake the CSR within their businesses' activities.

## **2.9. The role of CSR in the sustainable development**

Although CSR emerged as a response to the critiques of organizations' harmful effects on society and the environment, it has also become a quite critical tool through which organizations are called upon to contribute to sustainable development. Therefore, it is possible to conclude that CSR is not just intended to address the negative externalities of organizations, but also to promote growth, especially within the communities where those organizations operate (Idemudia, 2008; 2011).

Even though the idea that a shift in responsibility of governments' traditional role as the source of social development to organizations is considered to be a vital aspect of the CSR discourse, not all the stakeholders agree with this assumption, given the fact that some indicate that communities still have a social contract with their governments and organizations can and should only complement these government efforts, not substituting them at all. Thus, CSR initiatives must be voluntary and non-regulated, since it will encourage innovation, creativity, and efficiency among organizations, especially concerning their CSR activities and actions (Idemudia, 2008).

Nevertheless, in developing countries, such voluntary initiatives include a somewhat lackadaisical attitude, mainly because organizations choose the kinds of CSR initiatives to undertake, most of which are poorly suited to the priorities and needs of the communities, therefore contributing quite little to a sustainable development. The majority of the opponents of CSR as a voluntary mechanism established that organizations are frequently driven by their profit, which means that they will choose an advantage over a meaningful contribution to the development of the community (Hermann, 2004). As a result, these opponents advocate for more accountability from organizations to communities and governments, especially through "legally binding national and international regulations" (Idemudia, 2008, p. 93), which can compel organizations to engage in several initiatives that promote sustainable development.

Furthermore, in developing countries, both the organizations and the government face some challenges when implementing regulations and rules, which led to the development

of a third perspective that essentially advocates for a balanced combination of government regulations, active participation of all stakeholders, and voluntary CSR practices. Overall, this perspective promotes the creation of an enabling environment, which minimizes the organizations' negative externalities, while simultaneously promoting some positive externalities (Idemudia, 2008).

Independently of the adopted perspective, there is a consensus regarding the fact that organizations must undertake a strategic CSR, with the main goal of contributing to the community's development. However, this includes the CSR integration into the organization's core business activities, as well as the assignment of specialized and trained staff to run the CSR unit. Besides, these initiatives should also identify and approach the needs of society, be adequately aligned, and contribute to the community and national development agendas through the organizations' operations (Barsoum & Refaat, 2015).

### **2.9.1 The Triple Bottom Line Theory**

Elkington (cit. in Arowoshegbe & Emmanuel, 2016) coined the concept of the triple bottom line during the mid-1990s, which also refers to a framework that measures sustainability. In more detail, it includes not only the economic dimension but also the social and environmental impacts of organizations' activities. The main aspects of the triple bottom line (TBL) are known as the 3P's, namely: Profit, Planet, and People. Despite being highly criticized in recent years, and due to its limited use and misleading measures, the TBL is still used to measure corporate social performance. Regarding the economic sustainability, it is essential to mention that organizations must value their long-term profits over short-term and risky gains and that larger organizations have a responsibility towards society, especially of drawing up business plans that allow for stable actions and investments, therefore not harming the organization's profit and financial situation.

In terms of social sustainability, organizations should truly value the existing balance between the way to do business and the way that the industry affects people's lives. For a company to be stable in the long run, wealth and opportunities must be spread and developed to cover as many people in society. It is also noteworthy to mention that social

responsibility does not only involve the distribution or redistribution of the capital wealth, but also the way that people are respected and treated as citizens. Lastly, the environmental sustainability is directly related to the organization's responsibility to operate in a way that does not negatively impact the environment, simultaneously protecting the existing resources so that future generations can enjoy the same quality of life as us in the present (Arowoshegbe & Emmanuel, 2016).

## **2.10 Brand image and CSR**

Currently, customers have quite influential CSR expectations towards organizations, which are becoming stronger due to the increasing importance of CSR within the business sector in general. Considering that customers have specific expectations on the value system, which comprehends both emotional and social values, it is possible to conclude that the brands that are based on emotional values are more protected from an eventual competitive erosion (Martínez, Pérez & Rodríguez, 2014). CSR is considered to be a psychological aspect of brand image, enhancing the organization's competitive advantage. However, it is vital to establish that if the organization's positioning strategy is based on the CSR activities, then the core values are those of the CSR (Du, Bhattacharya & Sen, 2010).

By integrating CSR into its marketing strategy, the organization can protect its brand from competitors, which allows for the organization to have a quite strong brand, making it less likely to result in problems in terms of the organization's reputation. Still, it is noteworthy to mention that when the CSR is communicated, it truly becomes a strategic branding tool, allowing organizations to manage their customers' expectations. Besides forming a positive customer's behavior and attitude, CSR initiatives also strengthen the organization's brand image, which is one of the main reasons for the organizations to engage in such activities. Therefore, brand image and CSR are linked to each other, with the latter positively affecting the former, and CSR consisting of a strategic measure that organizations must implement to be successful (Wu & Wang, 2014).

According to Casado, Nicolau, Ruiz, and Sellers (2014), customers favor organizations that are involved in CSR activities. When customers perceive organizations as socially responsible, the latter is positively influenced when they evaluate the organizations'

service quality since customers indeed associate social responsibility with higher service quality, which justifies why CSR might be used to decrease the uncertainty regarding a specific service and its quality. On the other hand, Martínez, Pérez, and Rodríguez (2014) suggest that CSR has a positive influence on brand image, also influencing customers to engage in brand loyalty and that a sharp brand image increases both the word-of-mouth and the purchase intention in a wholly definite way. Nonetheless, the CSR actions must be effectively communicated by organizations, aiming to increase the customers' attitudes and awareness and to develop a sharp brand image ultimately. Lastly, it is pertinent to mention the study conducted by Naqvi et al. (2013), since the authors concluded that there is a significant relationship between brand image and corporate social responsibility, consisting of brand loyalty, brand awareness, brand satisfaction, and perceived quality.

## **2.11 CSR and corporate reputation**

Before addressing the relationship between CSR and corporate reputation, it is essential to briefly contextualize the relationship between brand image and corporate reputation, given the fact that these two concepts share a positive relationship with each other. Some authors have concluded that corporate reputation may either influence or be influenced by brand image, while others demonstrated that a favorable corporate reputation might not guarantee a sharp brand image (Page & Fearn, 2005; Wang, Kandampully, Lo & Shi, 2006). Furthermore, some other authors have established that brand loyalty is higher when the customers' perceptions of corporate reputation and corporate image are truly favorable and positive. As a matter of fact, a desirable model is considered to be a vital aspect of an organization's ability to maintain its market position and competitiveness, since vision has been widely related to core aspects of the organizational success, while a positive reputation is considered as a strategic factor that can be employed to achieve an above-average profit (Nguyen & Leblanc, 2001).

In turn, and regarding the relationship between CSR and corporate reputation, it is noteworthy to mention that several studies have demonstrated that CSR has a positive effect on the corporate image of an organization. Indeed, Turban and Greening (1997) showed that the independent dimensions of organizational social performance are positively associated with the organization's reputation, while Siltaoja (2006) proved that



organizations that maintain their ethical behaviors as a part of their CSR strategy could improve their corporate image. In their study, McWilliams, Siegel, and Wright (2006) claimed that CSR is considered a strategic investment since it truly contributes to the creation and maintenance of the corporate reputation of an organization. Therefore, CSR programs help organizations to build a positive reputation and brand image, which is why organizations can use status to justify their social actions (Porter & Kramer, 2006).

More recently, Lai, Chiu, Yang, and Pai (2010) found out that the relationship between CSR and brand performance is partially mediated by the corporate reputation, which implies that consumers' perspectives regarding the organizations' CSR initiatives improve the corporate reputation, as well as the brand equity and the customer satisfaction. Lastly, Famiyeh, Kwarteng, and Dadzie (2016) have analyzed the impact of CSR on the organization's reputation, having concluded that the organizations' CSR initiatives do enhance the organizations' status and performance, especially in terms of market share, profit, and sales growth.

## **2.12 Drivers of CSR**

Organizations respond to their social responsibilities in varying degrees, which range from reactive to proactive and depending on their reasons at that specific period. Therefore, this implies that several environmental and idiosyncratic factors drive CSR. For example, banking organizations are motivated mainly to pursue Corporate Social Responsibility due to the strategic value of the social conduct to their businesses, while the investors and the consumers are predominant drivers of CSR in these organizations (Wu & Shen, 2013).

Nonetheless, organizations must be concerned with consumerism, which is related to the idea that consumers tend to pay higher prices for their products/services by reward the ethically perceived organizations while they penalize the unethically regarded organizations with lower rates and boycotts, for example. The market perception is significant to the strategic implication of the CSR to such organizations (Parsa, Lord, Putrevu & Kreeger, 2015). According to Ghoul, Guedhami, Kwok, and Mishra (2011), organizations with socially responsible practices within their business conduct have higher valuations, lower risk, and lower cost of capital, while those that present antisocial

practices attract higher financing cost, lower estimates, and higher risks. Hence, the strategic content of the CSR is one of the most reliable drivers of business engagement in terms of social conduct.

As the stewardship theory supports it, all the business managers that control the corporate resources have a position that is based on the use of CSR as a tool that allows them to achieve specific goals. Nevertheless, the efficiency of managers when using this particular tool depends on the available external control, which takes the form of stakeholder pressures, public policies, and the internal control that is exerted by their governance boards (Brammer, Jackson & Matten, 2012; Jensen, 2010).

Considering the philanthropic domain, it is possible to conclude that the organizational virtuousness is a tool that allows the creation of strategic value, leading to the propagation of new concepts in the management theory (Brammer, Jackson & Matten, 2012).

Lastly, it is pertinent to mention that the emergence of the enlightened shareholder value and the associated search to find legitimacy to the business have been growing since the frontiers of the business engagement in CSR have been expanded. With the main goal of achieving their sustainable development objectives, governments encourage businesses to implement CSR ideals, both at national and supranational levels. In this context, organizations are requesting complement and benefits by the government efforts, namely in terms of the provision of social services and public goods (Griffin & Prakash, 2014). However, some jurisdictional governments ordain and enforce CSR regulations, which is required by organizations to display a high sense in terms of their social conduct (Adeyanju, 2012).

### **2.13 The business case for CSR**

The business case for CSR refers to the perception of CSR as a tool that can be used to enhance the social and financial performance of organizations. According to Carroll and Shabana (2010), even in the first CSR initiatives, there was always the assumption that by implementing such practices in the organization it would enhance its social environment and that these efforts would be in its long-term financial interest. Nowadays, the business case for CSR is very prominent in several articles and reports within the field

of expertise, truly emphasizing the relationship between social purposes and financial goals. Several of the essential theories of CSR are based on this approach, such as:

- 1) The stakeholder theory, since it indicates that organizations need to pay attention to non-financial constituencies (e.g.: employees, consumers and local communities), given the fact that by doing so they can truly secure some significant benefits (Frooman, 1999);
- 2) The institutional theory, which suggests that businesses are motivated to implement credible practices since the returns to such behavior is incredibly high (McWilliams, Siegel & Wright, 2006);
- 3) The resource-based-view-of-the-firm theory that establishes that the adoption of social practices may, indeed, grant the organization a competitive advantage (McWilliams & Siegel, 2001);
- 4) The CSR pyramid, which is based on the assumption that a socially responsible organization must make a good profit while simultaneously being a great sustainable business's corporate that it is operating in civil society (Carroll, 1979).

The main objective for many stakeholders and scholars has been to demonstrate the existence of a link between the CSR and the organizations' financial performance, considering that finding evidence to support that the implementation of self-regulatory CSR tools enhances organizations' financial performance is seen as: a) attributing legitimacy to environmental and social issues in the business sector; and b) assisting the diffusion of CSR practices within businesses (Blowfield & Murray, 2008). Therefore, the majority goal of the business case is definitely to implement CSR practices more alluring to managers.

Amongst the existing literature, some authors have demonstrated that the adoption of socially responsible practices, as well as good relationships with the organizations' stakeholders, truly enhance the corporate reputation, improve the market value, boost the organizations' attractiveness to their employees, reduce the risks and costs to the organization and increase the organizations' operational efficiency (Brown & Dacin, 1997; Carroll & Shabana, 2010; Marin & Ruiz, 2007; McWilliams & Siegel, 2000).

Advocates of the business case for CSR support a minimum public intervention and a discretionary adoption of CSR practices since they believe that the market can regulate its impacts through several voluntary self-regulatory approaches. Still, each organization

is free to choose how to deal with its environmental and social responsibilities, while the government must establish a minimum legal framework, aiming to ensure the operation of the market (Albareda, 2008).

Furthermore, it is noteworthy to mention that the proponents of the business case imply that there is no need to strengthen the government's role since the market already offers the adequate incentives for organizations to care for their stakeholders and to satisfy their best interests, being based in a Liberal view. In turn, state regulation is considered to be a constraint to the organizations' optional activities, which is why it is not preferred. Still, advocates of the business case also establish that the self-regulatory approaches to CSR end up facilitating the implementation of the regulation, as well as the satisfaction of the society's concerns, namely in terms of the business activities' impacts. Also, the application of such measures is seen as the translation of CSR into a standardized and quantifiable audit instrument, which truly facilitates a consistent and objective measurement (Levy & Kaplan, 2008).

Consequently, the current voluntary approach to CSR is highly related to the market outcome, given the fact that without good corporate citizens, who take into account their environmental and social responsibilities, the organizations' profits and businesses can be negatively affected. Within the context of business care, CSR is understood as a recent and contemporary movement, being congruent with the liberal perspectives regarding the market operation. More precisely, the emergence and prominence of the business case have implemented CSR tools a synonym of broader organizational goals, especially those related to financial performance and reputation. Hence, and in this specific scenario, the current discourse on CSR refers to these practices as consisting of a strategic resource that must be used to improve the financial and social performance of organizations (McWilliams, Siegel & Wright, 2006).

Nevertheless, the business case wisdom that what is beneficial for business is also helpful for society is quite questionable, considering that the short-term profit imperative of the economic system influences the adoption of CSR self-regulatory practices, which gives no room for the implementation of CSR practices/activities. The markets' power over organizations is quite reliable, which justifies why the organizations' strategies reflect a short-term financial perspective, prevailing rather than the societal demands for the CSR practices/activities. Thus, and according to Zadek (2001), the implementation of CSR

voluntary self-regulatory tools is more driven by their potential to increase the organizations' profits, than by their attributes in enhancing the organizations' environmental and social performance.

Finally, it is essential to mention that critics of the business case suggest that self-regulation is quite problematic since it enables organizations to choose whether or not to engage with the CSR agenda, as well as to what extent. Hence, they believe that to ensure that organizations indeed adopt CSR practices, industry self-regulation schemes, and/or traditional regulatory measures must be applied (Campbell, 2007).

## **2.14. CSR measurement**

Over the past years, researchers have developed several CSR measurement methodologies, which include the use of surveys, content analysis of disclosed CSR information in corporate publications, spending measures, and on based observable social responsibility indicators - unidimensional and multidimensional ratings. Furthermore, it is important to add that each one of these methodologies has unique weaknesses and strengths. As has been argued by Soana (2011), the diversity of CSR measures contributes to the obtained findings regarding the nature of the CSR-FP (financial performance) relation, which is quite contradictory. For instance, several investigations adopt different measures, such as the KLD (Kinder, Lydenberg and Domini Research and Analytics) ratings, the EIRIS Index, the AEI Index, and the SGP Index (Becchetti, Ciciretti, Hassan & Kobeissi, 2012; Soana, 2011; Torres, Bijmolt, Tribo & Verhoef, 2012; Wu & Shen, 2013). At last, and before individually analyzing each methodology, it is crucial to emphasize that each of these rating bodies determines its index based on several measures and surveys on numerous qualitative aspects.

### **2.14.1 Surveys**

Overall, surveys are completed by respondents, who may be constituted by corporate executives or stakeholders, based on their perceptions of how the organization discharges its social responsibilities. Nevertheless, when researchers apply surveys in their studies, they only represent the opinions of the respondents, which can lead to a particular bias and not be universally used (Popa & Salanță, 2014).

### **2.14.2 Content analysis of disclosures in corporate publications**

In turn, several researchers have applied the content analysis of disclosures in corporate publications, especially in investigations related to environmental and social subjects. In more detail, this methodology is associated with a process that involves the counting of words, phrases, clauses, or sentences in the publications that are related to the environmental and social themes, as well as the use of binary values to quantify them. Over the past years, many studies implemented such a methodology to examine the CSR-business value link and the CSR-FP relation (Rahmawati & Dianita, 2011; Uadiale & Fagbemi, 2012; Uwuigbe & Egbile, 2012).

However, it is noteworthy to mention that no study demonstrates the validity of such methodology, which justifies why the content analysis methodology indeed lacks some theoretical base and only offers a limited practical value (Soana, 2011).

### **2.14.3 Spending measures**

According to Soana (2011), CSR could be measured by the level of expenditures such as the charitable contributions made by the organization and the voluntary donations that aimed to improve the environmental and social wellbeing of all the stakeholders. Moreover, the discretionary social spending, such as training expenditures, advertising expenditures, and donations, can genuinely help to strengthen the organization's image and to reduce the social pressure against the organization, as well as to improve the organization's competitive performance, resulting in higher profits and the stockholders' wealth. Still, both the expenses and the prevalence of information asymmetry make social spending by business managers to be covered in uncertainty, therefore increasing the agency costs.

### **2.14.4 Unidimensional indicators**

This specific methodology only focuses on the social responsibility practices that are related to philanthropic or environmental practices within the local communities. Given the fact that the unidimensional CSR measures are quite limited in terms of its

comprehensiveness, Carroll (1979) adopted the legal, economic, philanthropic, and ethical dimensions of CSR. Moreover, and intending to overcome such narrow focus, researchers have combined the unidimensional CSR measures with other methodologies. For instance, in their study, Busch and Hoffmann (2011) measured the CSR as carbon intensity by combining this measure with the sustainability rating index and the surveys.

#### **2.14.5 Reputational measures**

Soana (2011) also points out that it is possible to calculate some scores on the goodwill that are directly associated with the organization's reputation, as well as to use these scores to measure the CSR. Furthermore, and as a CSR organizational strategy, a positive reputation truly helps business corporations to gain competitive advantage and to develop legitimacy. Nevertheless, the main challenges with this methodology are associated with the fact that the resultant organizational reputation ratings and the respondents' perceptions are distorted by the organization's prior financial records, which justifies why the reputational measures are not adequate measures of CSR.

#### **2.14.6 Multidimensional ethical ratings**

Over the last three decades, specialized agencies have been developing several models to quantify several aspects of CSR. In more detail, they have been regularly collecting data related to different groups of investors. Afterward, they aggregate and analyze that information by using arithmetic or subjective average to regulate the overall ethical rating for each organization. In sum, to study CSR of organizations, the researchers can use these databases of ethical ratings created by specialized agencies. At present, it is quite frequent to use the multidimensional ethical ratings to measure CSR, especially to fulfill the empirical studies' purposes (Busch & Hoffmann, 2011). One of the most used rating systems is the KLD, being vastly used by researchers. Despite their popularity, multidimensional ethical ratings do not have an essential ranking of the CSR factors, which is why it is frequent the adoption of two methodologies:

- 1) The assignment of equal weights to CSR factors;

2) The assignment of influences to CSR factors that are associated with the stakeholders' preferences (Chen & Delmas, 2011).

Furthermore, the authors also claim that the assignment of equal weights to CSR factors presupposes that all the indicators are equally important, which is, in fact, invalid, since stakeholders' preferences and perceptions change over time.



### **3. Methodology**

As mentioned in the Literature Review chapter, Corporate Social Responsibility has become more and more relevant to employees.

The investigation has as its epistemology the objectivism. The methodology is quantitative and will be performed to explain the research method (semi-experimental) used to achieve the objectives of the study. The approaches undertaken to the research paradigm, since it is in a positivism position, are sampling process, data collection, and analysis techniques, to study the CSR and discover the best practices that can be implemented in any company, independently of the activity sector.

This chapter also explains the collection procedure of data and technic used for analyzing the available data (variable analyze by the SPSS program). It also includes the preparation of pre-survey and the construction of the final survey that was filled by employees that are working in Consulting / Advisory companies, Banking area, and entrepreneurs of Retail activity.

#### **3.1 Research Plan**

The type of this research is exploratory and, at the same time, descriptive. The researcher does not have much knowledge on the subject, and the main objective will be to develop familiarity with the research topic to understand it better. The researcher also lists two or more variables to describe the study since the survey was conducted through a survey to collect data addressing the starting question, already mentioned in the previous chapter.

The research was based on two phases. In the first phase, the data was collected by researching websites of several companies acting on the business areas mentioned previously. In the second phase, a pilot study was conducted by using a survey that was performed and implemented on 15 employees that are working on companies operating in the relevant activities for this study before the implementation of the final survey over the sample population.

After some adjustments, corrections, and suggestions by these participants, the final survey was constructed and shared using social networks, namely Facebook and LinkedIn.

The target of this research was defined by sharing the survey by people that are working in one of the three specific business sectors. After that, it also was requested to share with their professional colleagues.

### **3.2 Data Collection Method**

In order to obtain the majority of the results and data, the chosen method for this research was the quantitative method through the application of a survey (Crotty, 1998) among employees that are currently working in Consulting / Advisory companies, in the banking area and in the retail activity sector (view chapter 8.1 Appendix I – Survey).

This method was selected to achieving the main goal of this research by obtaining information from a significantly large sample (150 participants) and by the need to process and analyze the collected data.

Quantitative research is related to explore connections between variables since this research method is suitable to explain the association between the theory and the research (Bryman & Bell, 2007)

Selecting a specific sample is very important to carry out during the research approach. This survey was available by seven days to achieve the needed answers, since it was fifty by each of type of company business (Consulting / Advisory, Banking, and Retail), completing the required one hundred and fifty answers.

The study was designed to understand the perception of employees towards Corporate Social Responsibility, to perform guidelines with the best practices that could be implemented in any company, no matter what industry is operating.

### **3.3 Quantitative Research**

The survey was created after guaranteed the appropriate literature review and getting relevant information from previous studies and researches.

The main question to answer was: which is the employees' opinion regarding the CSR activities that their companies are/or should implement? In that way, a survey was performed to answer this critical question.

The survey starts with a brief introduction in which is presented the main goal of this research, the structure of the survey, an estimate of the average of response time of the survey, the security that the collected data will be treated with the strictest confidentiality since its fill is entirely voluntary and thanks for participate in this study.

This survey is divided into two general parts, which is composed of 21 questions in total. In the first part, there are demographic information questions (age, gender, and education level achieved). The second part is about the professional experience of the respondents, taking into account the practices of Corporate Social Responsibility knowledge that the employees have that are applied in the company where they are currently working.

The survey had close-ended questions (since “yes” or “no” were the options), multiple response questions (the maxim of the responses were three options), questions where the participant only could choose one option and close-ended questions (measured using five-point Likert scale – not important at all, not so important, somewhat important, very important, extremely important) to be easier to answer.

## **4. Survey Results Analysis**

As mentioned previously, a survey was made to support the research and to get a better understanding of which are the Corporate Social policies that the companies are already applying, and which would be the best ones that should be performed.

For this task, the platform used was Google Forms, which was shown among the employees that are currently working in Consulting / Advisory companies, in the Banking area, and in Retail enterprises. The goal was to reach 150 respondents, 50 answers for each type of business company.

To proceed with the suitable analyses, some tests were held for one-sample t-tests. The Normality of the distribution of dependent variables was verified, considering the Central Limit Theorem since  $n=50 > 30$  (50 was the number of participants' employees for each activity sector). The SPSS (Statistical Package for Social Science) software and Microsoft Excel were essential to analyze and interpret the quantitative data. The researchers used this type of software since its readily available in business settings.

Demographic characteristics and professional experience towards Corporate Social Responsibility policies were analyzed.

### **4.1 Sample Characterization**

The survey was completed by 150 respondents who were characterized and defined by age groups (Question 1.), as it is possible to explain in Table 2. According to the information displayed in the following table, it is notable that the majority of the respondents were between 25-34 years old (66.0%), followed 35-44 (18.0%) and 18-24 (11.33(3)%) age groups. There were only five employees (3.33(3)%) aged between 45-54, and in the minor, only 2 participants were 55 years old or older than.

It is essential to mention that the majority of the respondents are considered in the group of the Millennials generation. They are a truly globalized generation, who grew up with the technology that informs them of everything and has used it since childhood, and who is socially and environmentally responsible and entrepreneurial for the change.

Age groups	N	Percent (%)
18-24	17	11.33(3)
25-34	99	66.0
35-44	27	18.0
45-54	5	3.33(3)
55 or more	2	1.33(3)
<b>Total</b>	150	100

Table 2 – Sample distribution by age groups

Considering the Gender of the respondents (Question 2.), they were mainly Female (around 55%), since 82 women answer the survey and 68 are Male (about 45%), and no participant answered “Other” as your gender. However, it is possible to conclude that the survey was well distributed since women and men participated almost in the same quantity.

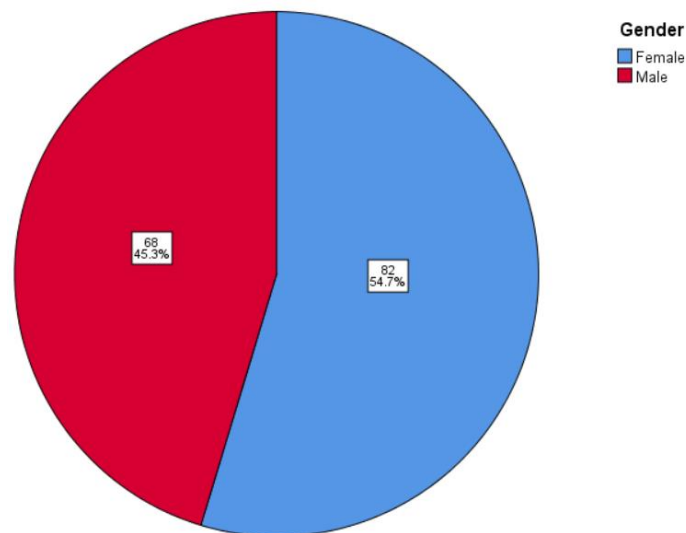


Figure 2 – Sample distribution by gender

Regarding the highest education level (Question 3.) that the participants had achieved, the majority had a Master’s degree, is 80 persons (around 53%), and the minority has PhD level of education since it was only 6 of the respondents.

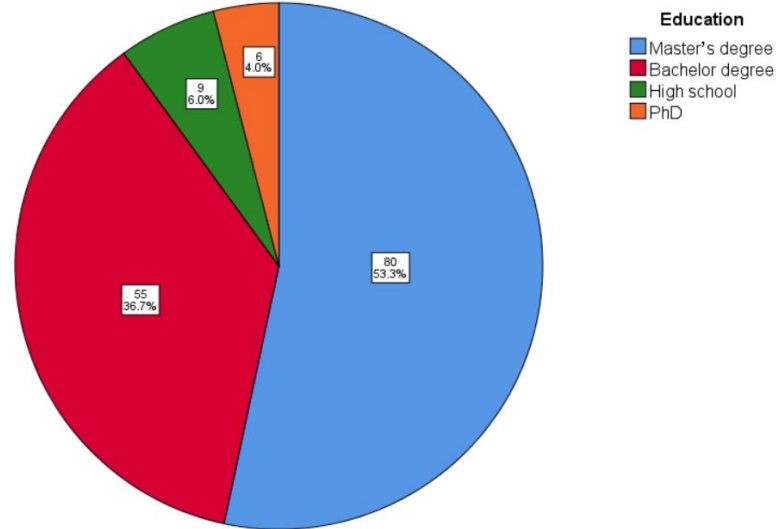


Figure 3 – Sample distribution by education level

Education level	N	Percent (%)
Bachelor's degree	55	36.7
High school	9	6
Master's degree	80	53.3
PhD	6	4
<b>Total</b>	150	100

Table 3 – Sample distribution by education level

#### 4.2 Corporate Social Responsible's policies opinion

The survey is specific to, as already mentioned, employees that are currently working in Consulting / Advisory companies, in the Banking area, and in Retail enterprises. To understand better the workers' opinion was, there was constructed a question asking where they were working at that moment.

In that way, on the analysis of the question 4., the variable "Where are you currently employed?" will be considering it to understand which the opinion of each employee is, dependently on the business activity of its company.

In question 5., it was requested for employees to answer what they know regarding the Corporate Social Responsibility concept. Each bar chart identifies separately the business

type that was analyzed on the survey, and the employee could choose within the five available options.

1) Employees currently working in a Consulting / Advisory company

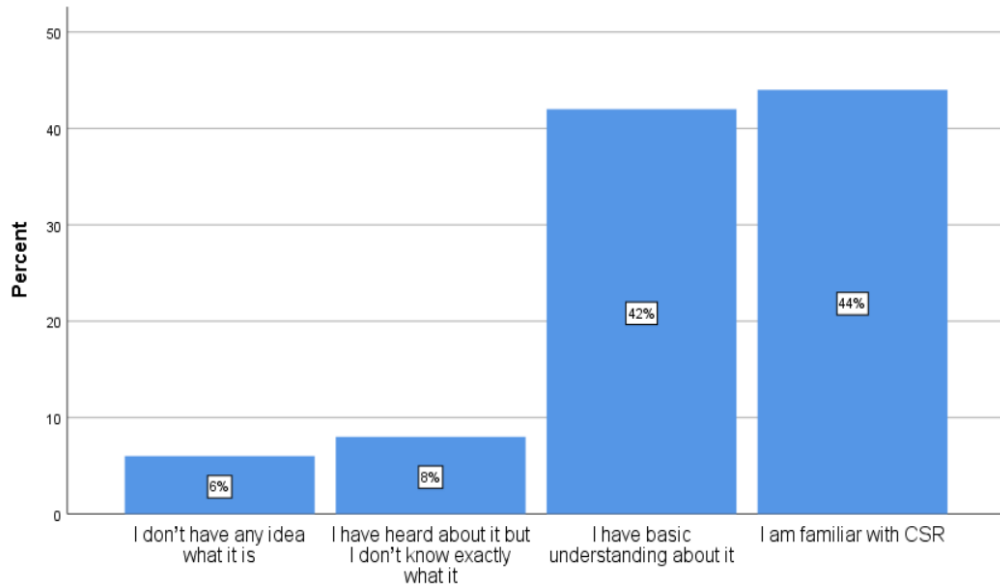


Figure 4 – Knowledge of Consulting / Advisory employees regarding CSR concept

2) Employees currently working in the Banking area

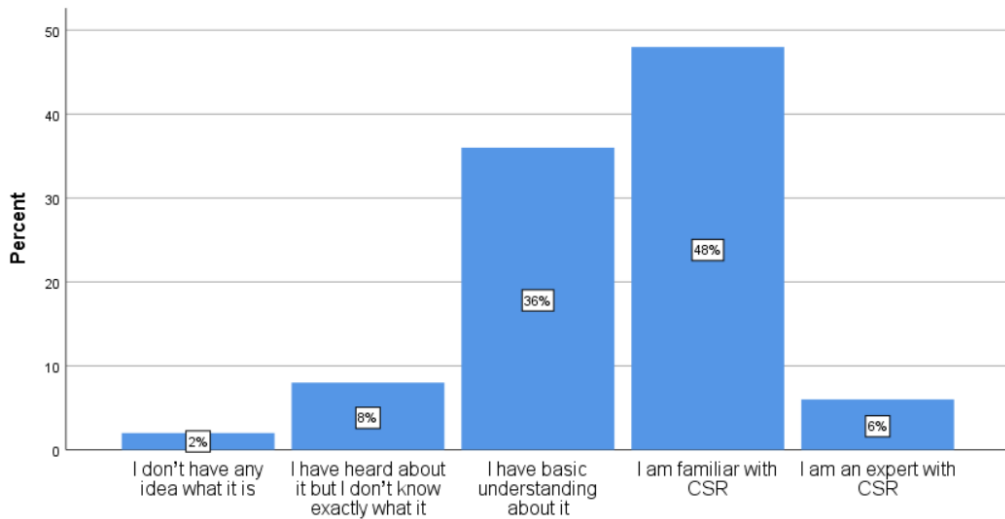


Figure 5 – Knowledge of employees in Banking area regarding CSR concept

3) Employees currently working in a Retail company

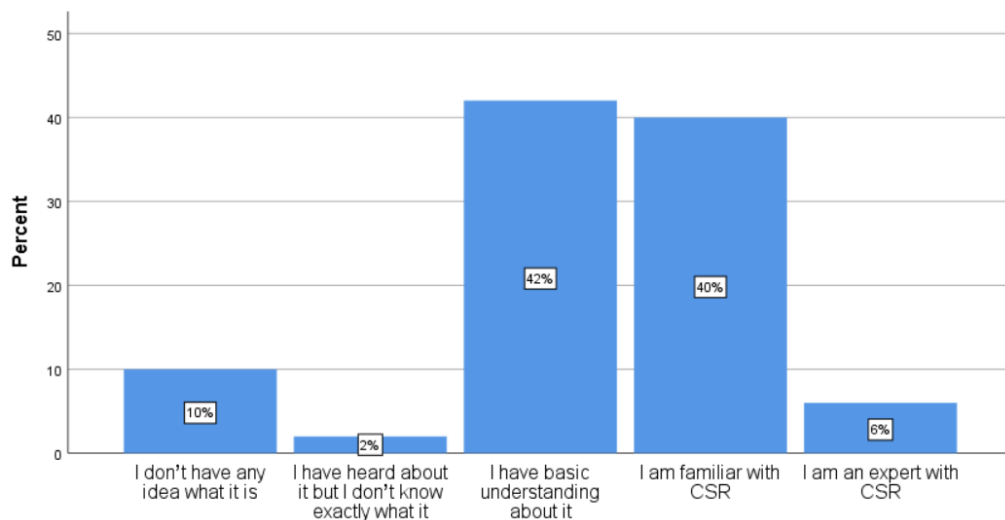


Figure 6 – Knowledge of Retail employees related to CSR concept

In that way, it is possible to recognize that the majority of the employees that are currently working in a Consulting / Advisory company are familiar (44% - 22 people) with the Corporate Social Responsible concept and only 6% (around 3 people) of these employees don't have any idea what it is this concept.

Regarding the employees that are currently working in the Banking area, the majority (48% - 24 people) of the participants are familiar with the CSR concept, and only 2% (1 person) doesn't have any idea what this subject.

Taking in consideration the employees that are currently working in the Retail companies' sector, the majority (42% - 21 people) of workers have a basic understanding what CSR concept is. However, only one person (2%) answered that he has already heard about this concept, but he doesn't know exactly what it is.

Thus, it is possible to conclude that the employees that are currently working in Consulting / Advisory companies and workers of the Banking area are the most informed regarding the Corporate Social Responsibility subject.

Concerning the importance that employees find that companies should operate on a socially responsible level, question 6. was performed to understand the participants' opinions regarding the business sector that the employees who are currently working.



As it is possible to observe in table 4, none of the respondents think that it is not essential at all that the companies should operate with socially responsible behavior, independently the business sector that they are working.

The majority of the employees of Consulting / Advisory companies and workers in the banking area believe that enterprises must operate on a socially responsible level since, in both business sectors, the minority of the employees think this responsibility level is somewhat important.

However, the retail sector’s employees trust that it is extremely important that the companies should operate on a socially responsible level.

<b>Business vs. Importance</b>	<b>Not important at all</b>	<b>Not so important</b>	<b>Somewhat important</b>	<b>Very important</b>	<b>Extremely important</b>
Consulting / Advisory	0	0	6	25	19
Banking area	0	0	4	24	22
Retail sector	0	1	5	19	25
<b>Total</b>	0	1	15	68	66

Table 4 – Importance level that the employees think that companies should operate with a socially responsible behavior

Since the sample of each business sector is large ( $n=50 > 30$ ) by applying the Central Limit Theorem (CLT), it can be said that the distribution of the sample mean is approximately normal so the distribution of the importance of a company to be socially responsible should be approximately normal as well. Thus, the assumption is verified.

➤ Test hypotheses:

H0: The mean’s level of importance if companies should be socially responsible is 3 or less ( $\mu \leq 3$ )

Ha: The mean’s level of importance if companies should be socially responsible is bigger than 3 ( $\mu > 3$ )

According to the One-Sample Test (Appendix II – Data Analysis in SPSS), for Consulting’s employees,  $t = 13.413$ , for Banking’s employees,  $t = 15.236$ , for Retail’s employees,  $t = 12.832$ . In that way, it is possible to conclude that H0 is rejected.

There is statistical evidence to affirm that the mean of importance that employees of the three different sectors of activity give to a socially responsible company is higher than 3 (p-value < 0.05), measured on a scale of 1 (Not important at all) to 5 (Extremely important).

Regarding the question 7., which were the most important reasons for companies to get involved in Corporate Social Responsibility activities, five options were available since the workers could choose up to three of the following possibilities: to attract employees, to attract costumers' attention, to increase companies' income, to improve the identity / reputation of the company, to impact the society as a whole.

<b>Business / Reasons</b>	<b>To impact society as a whole</b>	<b>To improve the identity/reputation of the company</b>	<b>To attract costumers' attention</b>	<b>To attract employees</b>	<b>To increase companies' income</b>
Consulting / Advisory	41	38	15	18	7
Banking area	37	31	22	17	8
Retail sector	38	33	14	11	9
<b>Total</b>	116	102	51	46	24

Table 5 – Reasons for companies to get involved in CSR activities

Taking in account table 5 data, it is possible to conclude that the majority of the workers, independently of the company' activity that they are working for, believe that the most important reason for companies to get involved in Corporate Social Responsibility activities is to impact the society as a whole.

In this way, it is also possible to accomplish that the reason that is less important to the employees of those three sector areas is to increase companies' income.

In sum, it is possible to conclude that independently of the employees' business sector, they have the same opinion regarding the reasons for companies to want to be involved in Corporate Social Responsibility activities.

Regarding the question 8., that was made to understand if the employees agree that the CSR policies are able to satisfy employees' needs and maximize the reputation of organizations, according to Carroll in 1979, Chen & Wang in 2011, Mandhachitara &

Poolthong in 2011, Van der Laan, Van Ees & Van Witteloostuijn in 2008, all the participants in that survey answered that they agree with the authors (Table 6).

<b>Business / Opinion</b>	<b>Yes</b>	<b>No</b>
Consulting / Advisory	50	0
Banking area	50	0
Retail sector	50	0
<b>Total</b>	<b>150</b>	<b>0</b>

**Table 6 – Employees’ opinion regarding if the CSR policies can satisfy employees’ needs and maximize the reputation of organizations**

It was asked (in Question 9.) to the participants of this survey if they think that right Corporate Social Responsibility actions can improve the financial performance and the profitability of each company, providing quality goods and services. The majority believes that the implementation of good CSR policies can contribute to getting a better financial performance and profitability of the companies, as can be verified on table 7.

<b>Business / Opinion</b>	<b>Yes</b>	<b>No</b>
Consulting / Advisory	44	6
Banking area	47	3
Retail sector	46	4
<b>Total</b>	<b>137</b>	<b>13</b>

**Table 7 – Employees’ opinion regarding if good CSR actions can improve financial performance and profitability of the companies by providing quality goods and services**

Taking in account the question 10., it was requested to employees that participated in this survey to define what a social responsible company for them is, since they could choose between up to three of the following options: employing people with disabilities, treating employees with respect, getting involved in social campaigns, being environment friendly, impact on local communities.

For Consulting / Advisory employees, the characteristic that better defines a company socially responsible is if the workers feel that they are treated with respect, at all levels, gender, ethnicity, culturally.

For those who are working in the Banking area, what better defines, if a company is responsible, is being environmentally friendly. That definition can cover several social policies, such as offer coffee mugs and cups to workers to finish off the plastic at the office, as well as organizing a green day and teams planting trees for a needed nature park.

The retails' employees have a different opinion since they believe what represents a socially responsible enterprise is to have an impact on local communities and contribute to their development. The workers can have the possibility to engage in volunteering activities with needy families, homeless or even teenage mothers, orphaned children, or refugees. They also can organize a collection of essential goods to be distributed to needy families that do not have as much access to it.

However, in general, all type of employees believes that employing people with disabilities is the characteristic that less defines if a company is socially responsible or not, only 11% chose that option regarding their opinion.

<b>Business / Opinion</b>	<b>Treating employees with respect</b>	<b>Impact on local communities</b>	<b>Being environmentally friendly</b>	<b>Getting involved in social campaigns</b>	<b>Following legal requirements</b>	<b>Employing people with disabilities</b>
Consulting / Advisory	33	29	31	27	16	9
Banking area	32	23	35	25	12	12
Retail sector	35	36	21	16	12	13
Total	100	88	87	68	40	34

Table 8 – For employees what defines a responsible company

Regarding the Question 11., if the employees are engaged in action(s) that aimed at the society wellbeing, through the company that they are currently working for, more than 50% of the employees that participated in that survey, independently the business sector that they are working answered positively, since 64% of the workers were engaged in any action that contributes to wellbeing by the company that they are working for.

<b>Business / Opinion</b>	<b>Yes</b>	<b>No</b>
Consulting / Advisory	33	17
Banking area	31	19
Retail sector	32	18
Total	96	54

**Table 9 – Employees were engaged in action(s) that aimed the society wellbeing, through the company that they are currently working for**

Taking into consideration the survey Question 12., 56% of the employees who answered this survey were engaged in action(s) that aimed the society wellbeing in their free time.

Although this percentage is 8% lower than employees who already have participated in social activities through the companies they are working for, more than half of the respondents already were involved in any activities that contribute to the improvement of the society in general, in their time after work.

<b>Business / Opinion</b>	<b>Yes</b>	<b>No</b>
Consulting / Advisory	25	25
Banking area	33	17
Retail sector	26	24
Total	84	66

**Table 10 – Employees have involved in activity(ies) that sought the society wellbeing in their free time**

According to Maignan and Ralston in 2002, the legitimacy theory is based on a reciprocal relationship between the organization and its stakeholders to contribute to the company's publicity.

The Question 13. was made to understand better if the employees that participated in that survey agree or not with the theory that the authors defend it. Almost all the participants answered that they agree with that theory.

<b>Business / Opinion</b>	<b>Yes</b>	<b>No</b>
Consulting / Advisory	46	4
Banking area	44	6
Retail sector	48	2
Total	138	12

**Table 11 – Employees’ opinion regarding the legitimacy theory since it is based on a reciprocal relationship between the organization and its stakeholders. Analyze if they think that it contributes to the publicity of a company**

According to Naqvi Et al in 2013, the majority of the employees that participated in filling this survey / agree that a significant relationship between brand image and Corporate Social Responsibility policies consists of brand loyalty, brand awareness, brand satisfaction, and perceived quality since around 87% answered positively (Question 14.).

<b>Business / Opinion</b>	<b>Yes</b>	<b>No</b>
Consulting / Advisory	46	4
Banking area	44	6
Retail sector	40	10
Total	130	20

**Table 12 – Employees’ opinion if a significant relationship between brand image and CSR policies consists of brand loyalty, brand awareness, brand satisfaction, and perceived quality**

It was requested to employees identify the three main benefits of the adoption of SR measures, regarding the following six options available in the survey: employees’ empowerment, improvement of relationships with suppliers, institutions, donors, community, increase the efficiency of the company, acquirement of commercial benefits, identification of reputational risks, enhancement of corporate reputation (Question 15.).

Independently of the business sector that the employees are working, the majority of the participants chose improvement of relationships with suppliers, institutions, donors, and community as the main benefit when the companies adopt socially responsible actions.

In general, the advantage that the workers identified that less contribute to the company with the implementation of this kind of policy was the acquisition of commercial benefits.

<b>Business / Opinion</b>	<b>Improving relationships with suppliers, institutions, donors, community</b>	<b>Enhancing corporate reputation</b>	<b>Employees' empowerment</b>	<b>Increasing the efficiency of the company</b>	<b>Identification reputational risks</b>	<b>Acquiring of commercial benefits</b>
Consulting / Advisory	43	36	32	15	12	5
Banking area	42	30	25	10	13	13
Retail sector	34	25	23	30	10	6
Total	119	91	80	55	35	24

Table 13 – The main benefits of the adoption of social responsibility measures, regarding the employees' opinion

Regarding Arowoshegbe & Emmanuel authors in 2016, organizations should believe that there is a balance between the way how to do business and the way this business affects people's lives.

On the Question 16., it was asked if the employees agree or not with what the authors were defending, mentioned in the previous paragraph. Almost all the participants answered that they agree with the opinion of the authors, covering around 97% of the answers.

<b>Business / Opinion</b>	<b>Yes</b>	<b>No</b>
Consulting / Advisory	50	0
Banking area	49	1
Retail sector	46	4
Total	145	5

Table 14 – Organizations should truly value the existing balance between the way to do business and the way that the business affects people's lives, regarding the employees' opinion

Regarding the employees' opinion, the Question 17. was made to understand what was the biggest obstacle that they identified that most hinders the development and

implementation of social responsibility activities in the company that they are currently working on.

In the survey there were six options available: lack of general knowledge, lack of company support / interest in several levels, lack of specific legislation on Corporate Social Responsibility that should be implemented and promoted by the government, non-immediate business benefits to their companies, high costs with policies' implementation, lack of corporate skills of the human resources that are working in their companies, little impact on their social and environmental business sector.

Independently of the business sector that the participants are working, the biggest obstacle to the development of initiatives that was identified, regarding social responsibility topic, was the lack of company support/interest.

It is possible to conclude that the companies are still not getting what they should on this theme, and the employees lack support on Corporate Social Responsibility. If the companies develop more activities on this area, it could contribute to increasing financial performance and profitability of the companies how was demonstrated in the ninth question of this survey ('Do you think that good CSR actions can improve financial performance and profitability of the companies by providing quality goods and services?').

<b>Business / Opinion</b>	<b>Lack of company support/interest</b>	<b>Non-immediate business benefits</b>	<b>High costs</b>	<b>Lack of knowledge</b>	<b>Lack of specific legislation on CSR</b>	<b>Lack of corporate skills</b>	<b>Little impact on social and environmental business</b>
Consulting / Advisory	22	12	4	3	4	3	2
Banking area	17	15	8	7	2	1	0
Retail sector	15	15	9	3	3	3	2
Total	54	42	21	13	9	7	4

**Table 15 – Regarding the employees' opinion, which is the biggest obstacle related to the development of initiatives in the field of social responsibility in their company**



On the Question 18., it was requested to employees evaluate how much attention they are/or should give to CSR policies on the companies that they are currently working on.

To better analyze and get a more accurate conclusion, was constructed three pie charts since each one represents one of the business sectors that was taking into consideration to make this investigation: Consulting / Advisory companies, enterprises operating in the Banking area and Retail activity companies.

However, it was possible to conclude that, independently of the activity sector that the companies are operating, the employees that participated in this survey considered that it is an asset if the company undertakes CSR policies, since 76% of the employees chose this option on Consulting / Advisory companies and Retail enterprises, and 84% of the workers indicated this option.

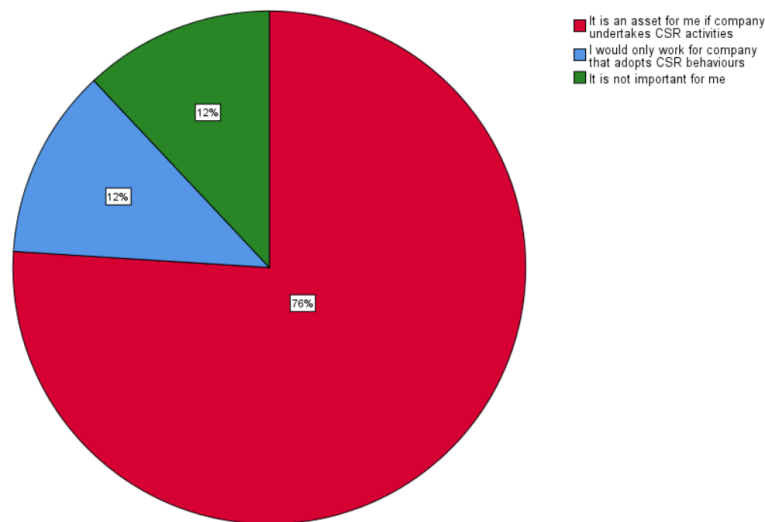


Figure 7 – How much attention the employees of Consulting / Advisory companies are giving to CSR policies

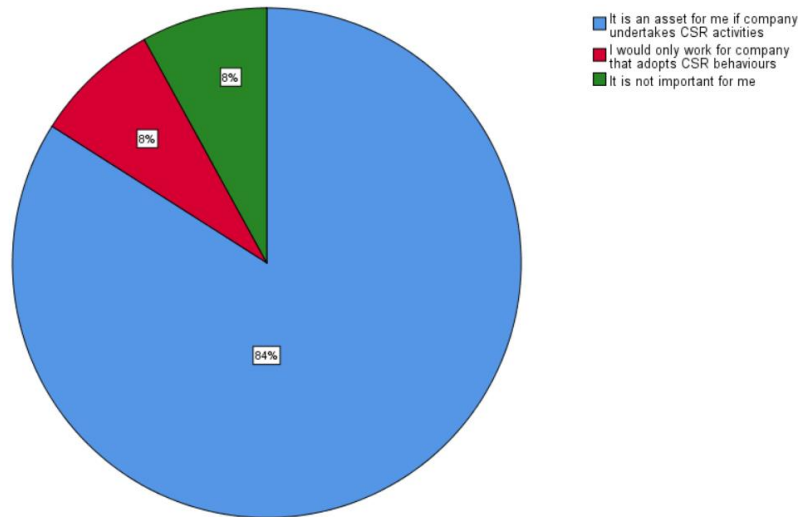


Figure 8 – How much attention the employees of Banking area are giving to CSR policies

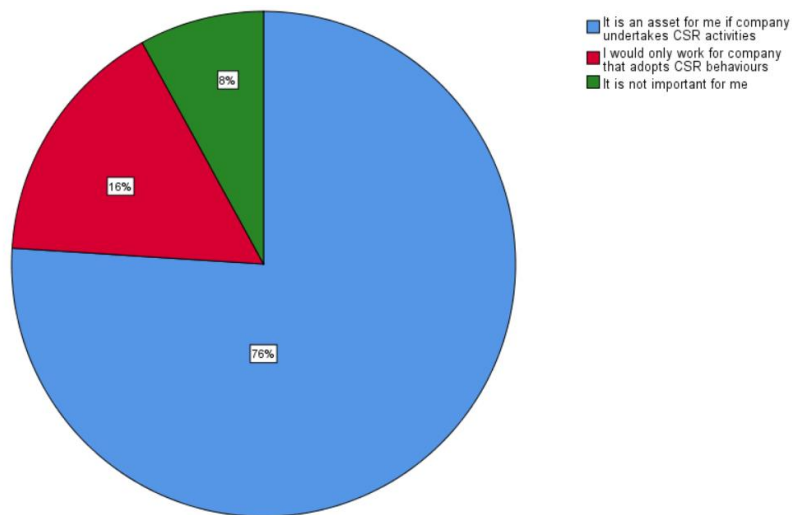


Figure 9 – How much attention the employees of Retail activity companies are offering to CSR policies

On the Question 19., it was requested to know which were the activities that they would like to develop at the company that they are working for in the next five years, and five options were available since they could choose up to three of that options: improve the communication company’s performance in Corporate Social Responsibility and sustainability to stakeholders, help to develop new products / services which could reduce social or environmental problems, improve rigid control on suppliers’ standards on human rights, improve environmental impact of their products / services, none of the activities mentioned above.

The majority of employees chose to develop new products/services in their companies to help to reduce social or environmental problems and improve the environmental impact of their products/services. In a certain way, that two options are related since if they produce new products and provide services that could help and reduce social or environmental problems, they could improve the environmental impact that their products/services have in the world. The implementation of one of the actions brings the improvement of another.

Only 11 employees' participants answered the option "None of the activities above". In the next phase of the investigation, it would be interesting to understand which activities and policies employees would like to implement in the companies they are working in.

<b>Business / Opinion</b>	<b>Improve the environmental impact of products/services</b>	<b>Develop new products/services which could help to reduce social or environmental problems</b>	<b>Improve rigid control on suppliers' standards on human rights</b>	<b>Communicate company performance in CSR and sustainability to stakeholders</b>	<b>None of the activities above</b>
Consulting / Advisory	27	26	18	14	7
Banking area	33	34	20	15	2
Retail sector	36	32	14	15	2
Total	96	92	52	44	11

**Table 16 – The activities that the employees would like to develop in the next five years at the company that they are working for**

Regarding Russo and Perrini in 2010, in terms of CSR, large companies should base their policies on the stakeholders' theory and small and medium-sized enterprises should base on the social capital theory.

Question 20. and Question 21. were constructed in order to understand the knowledge of employees regarding these theories that are defended by the authors mentioned previously.

This study showed that 72% of the participants did not know the stakeholders' theory, and 75% of the employees also did not have knowledge regarding the social capital theory.

It can be proved regarding the fifth question of this survey, which the main goal was to understand the level of knowledge of the Corporate Social Responsibility concept. Only 6% of participants that are working in Banking area companies and, 6% of the employees that are working in Retail sector enterprises, considered themselves to be expert with CSR topic (only three people from each sector mentioned above), since no employee of Consulting / Advisory companies answered as being a specialist on CSR thematic.

<b>Business / Opinion</b>	<b>Yes</b>	<b>No</b>
Consulting / Advisory	9	41
Banking area	14	36
Retail sector	19	31
Total	42	108

Table 17 – Knowledge of employees regarding the stakeholders' theory in CSR for large companies

<b>Business / Opinion</b>	<b>Yes</b>	<b>No</b>
Consulting / Advisory	10	40
Banking area	14	36
Retail sector	14	36
Total	38	112

Table 18 – Knowledge of employees regarding the social capital theory in CSR for small and medium-sized companies

## 5. Conclusions

Corporate Social Responsibility has been a theme that has become increasingly relevant in the business world among companies. Leaders have tried to involve their employees in several social activities, to impact the society in which they operate.

The main goal of this investigation was to contribute further knowledge about the employees' opinions regarding the policies that the companies are currently applying or which ones they should implement since the management may use this information to improve and get more activities on the CSR field.

A theoretical search was made to understand better the opinion of the experts in CSR, which complements this study with examined information about this thematic. It is possible to conclude that CSR activities are being more relevant and having more impact.

Therefore, the present study has focused on identifying the demographic information of the participants; the general knowledge that the employees have regarding the CSR concept and the most relevant practices that companies are applying or should implement, regarding the employees' opinion; identification if the participants already were involved in CSR activities through their companies or in their free time; the biggest obstacles that they believe are related to the development of initiatives in the field of social responsibility in their companies; which were the activities that the employees would like to implement in the enterprises they are working for, in the next five years.

Accordingly, a survey was implemented in a sample of 150 respondents, since 50 people were working in Consulting / Advisory companies, 50 people were working in Banking area, and the last 50 people were working in Retail activity enterprises. This investigation was to prove if the employees in real life have the same beliefs and opinions as to the authors in the Corporate Social Responsibility subject.

Five age groups characterized the participants from 18 to 55 or older. The majority of respondents were between 25 and 34 years old (66%), a young adult sample and the minority was 55 or more years old. Regarding gender, the participants were, mainly, Female (54.7%). The survey was applied to employees with different levels of education. However, the majority has concluded an advanced level of studies since 53.3% has completed their Master's degree.

In terms of achieving the first goal of this investigation – the general knowledge that employees have regarding the CSR concept and the most relevant activities that companies are applying or should implement regarding the employees' opinion – six questions were performed to know the employees' point of view better.

It was asked to measure the knowledge of employees regarding the Corporate Social Responsibility concept. The majority of the workers, independently of the business sector that they are currently working for, were familiar with the CSR concept. However, the majority of participating employees that are working in Retail area (42%) answered that only have a basic understanding about this thematic, since 40% people responded that they are familiar with this concept.

On the next question, the majority of the participants answered that it is very important or crucial that companies operate on a socially responsible level (between 66% and 68%, respectively). It was also requested regarding the employees' opinions, which were the companies' reasons to get involved in CSR activities. The reason option that the participants most chose was to have more impact on society.

The next question was performed to understand the employees' opinions regarding if they agree if the CSR policies can satisfy employees' needs and maximize the reputation of organizations in general, and all the participants agreed with that premise. Regarding the employees' opinion, it also asked if they think that the implementation of good CSR policies can improve the financial performance and profitability of the companies by producing excellent products and providing better services, the majority of the participants answered positively (around 91%).

Finally, on the last question about this topic, the employees were requested to choose three of the options available on the survey in order to better define a responsible enterprise. The options that were most chosen were the following: treating employees with respect, to have an impact on local communities and a company that is being environmentally friendly.

The next two following questions were performed to understand if the employees that participated in this survey were already involved in CSR activities through their companies or in their free time, and the majority answered that they were participating in CSR activities already. 64% of the requests affirmed that they already were engaged in

action(s) that aimed the society wellbeing, through the company that they are currently working for and, 56% of the employees already were engaged in any activity in your free time that contributed to the improvement of the society. In this analysis, it is possible to conclude that people are more confident with CSR activities through their work than participating in this kind of activities in their free time/after work.

To know which were the biggest obstacles that the employees believe that are related to the development of more activities on the social responsibility field in the companies that they are currently working for, a question was performed where the employees could choose one of the available options. In that way, the lack of company support/interest option was the most selected since this proves that the companies are still not investing and not giving enough importance to this thematic.

Finally, to answer the last focus point of this investigation, it was requested to employees select up to three of the options available on the survey, the activities that they would like to implement in the enterprises that they are working for, in the next five years. The three most chosen options were to improve the environmental impact of products/services that they are providing, to develop new products/services, which could help to reduce social or environmental problems and to improve rigid control on suppliers' standards regarding human rights. In that way, it is possible to conclude that the employees have the willpower to make and implement various ideas and policies to improve the society in which we are living. It is essential if everyone contributes to their actions to have a positive impact on our community.

To sum, it is possible to conclude that these results, taking into account the sample available to fill the survey, are congruent with the Literature Review performed previously. Unfortunately, the top management of the companies is still not giving the needed attention to Corporate Social Responsibility. Nevertheless, the employees believe that this kind of policies are critical to getting better financial performance of the company if they know how to use and get positive benefits from these activities.

Employees have a significant impact on the smooth running of the companies if they are satisfied with the perks and activities that the company for which they are currently working for offers, they will be more motivated and be better at performing their daily work.

## **6. Limitations and Future Research**

The present study had some limitations that will be enumerated in this chapter for future researchers of this subject.

As mentioned before, the importance and impact of implementing good CSR policies has been studied for several years. However, the top management is still reticent mainly on the business sectors that the survey was applied. Though, there are quite some limitations imposed by the Government, who should support more this kind of policies, helping and giving special benefits to companies that are trying to “listen” the employees' needs.

Moreover, this study lacks detailed information about what is the real perception of employees. This could have been overcome with an interview with the top management of companies with different sizes, in several business sectors and not be limited to the three areas that were analyzed throughout this study.

The main goal of this investigation was to understand the employee's opinions and what they consider to be the best practices that companies should implement to improve their performance on several levels, financial and social, for example.

In the next phase of this investigation, a more in-depth study should be undertaken, covering other types of business sectors to construct a guide with good practices of Corporate Social Responsibility that could be implemented in any company, regardless of size, culture, or activity.

Firstly, this guide could be applied on Farfetch company, for example, which is an online seller of national and international fashion, since this company does not yet have social responsibility practices, it nevertheless demonstrates its willingness to implement the policies that best suit its business and the employee's needs. This implementation would serve as a pilot test to understand if the suggested policies were the most appropriate and could be adjusted according to the detected needs. All this work would require close consultancy follow up over a few months until the company itself could set up its department that could handle and implement all the suggested activities on its own.

The topic addressed in this dissertation is not new, so it is essential to do an updated analysis due to the changes in employees' needs and the market of each business sector.



It could add significant value to this study to perform a more in-depth analysis regarding which are the CSR policies already implemented in companies that are from other countries, to be possible to achieve a comparison between the needs and the ideologies, in order to improve and help on the construction of the guide of best practices of Corporate Social Responsibility.

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## 8. Appendices

### 8.1 Appendix I – Survey

#### Corporate Social Responsibility

Dear respondent,

This survey is focused on Corporate Social Responsibility (CSR) implemented in the company you are currently working for, whether you currently hold a job in a Consulting/Advisory company, in a company operating in the Banking area or in a Retail company.

The main goal of my master's degree thesis, which includes this survey, is to create a simple model that comprises the best CSR practices, aiming to be easily implemented in any organization independently of its business sector to improve its financial and social performance. The developed model will be implemented and tested in a specific organization to assess its validity and application within the broader business market.

This anonymous survey takes about 5 minutes to answer and includes a first part regarding non-sensitive personal information and a second one regarding your professional activity.

Your response will be much appreciated.

If you have any questions, don't hesitate to contact me through my email.

Patrícia Pereira

patricia.pereira1507@gmail.com

#### 1. How old are you?

- 18-24
- 25-34
- 35-44
- 45-54
- 55 or more

#### 2. What is your gender?

- Male
- Female
- Other



**3. What is the highest level of education you have achieved?**

- High school
- Bachelor degree
- Master's degree
- PhD

**4. Where are you currently employed?**

- At a Consulting/Advisory company
- At a company operating in the Banking area
- At a Retail activity company

**5. What do you know regarding the Corporate Social Responsibility concept?**

- I don't have any idea what it is
- I have heard about it, but I don't know exactly what it is
- I have a basic understanding about it
- I am familiar with CSR
- I am an expert with CSR

**6. How important do you find that companies should operate on a socially responsible level?**

- Not important at all
- Not so important
- Somewhat important
- Very important
- Extremely important

**7. In your opinion, what are the most important reasons for companies to get involved in CSR activities? (You can choose up to three options)**

- To attract employees
- To attract costumers' attention
- To increase companies' income
- To improve the identity/reputation of the company
- To impact society as a whole

**8. Do you agree CSR policies that can satisfy employees' needs can make and maximize the reputation of organizations? (Regarding Carroll, 1979; Chen & Wang, 2011; Mandhachitara & Poolthong, 2011; Van der Laan, Van Ees & Van Witteloostuijn, 2008)**

- Yes
- No

**9.** Do you think that good CSR actions can improve the financial performance and profitability of the companies by providing quality goods and services? (Regarding Carroll, 1979; Chen & Wang, 2011; Mandhachitara & Poolthong, 2011; Van der Laan, Van Ees & Van Witteloostuijn, 2008)

- Yes
- No

**10.** In your opinion, what defines a responsible company? (You can choose up to three options)

- Employing people with disabilities
- Treating employees with respect
- Getting involved in social campaigns
- Following legal requirements
- Being environmentally friendly
- Impact on local communities

**11.** Did you get engaged in action(s) that aimed the society wellbeing through the company for you are currently working?

- Yes
- No

**12.** Did you get engaged in action(s) that aimed the society wellbeing in your free time?

- Yes
- No

**13.** In CSR, legitimacy theory is based on a reciprocal relationship between the organization and its stakeholders (Maignan and Ralston, 2002). Do you think it contributes to the publicity of a company?

- Yes
- No

**14.** According to Naqvi (2013), a significant relationship between brand image and CSR consists of brand loyalty, brand awareness, brand satisfaction, and perceived quality. Do you agree with the sentence?

- Yes
- No

**15.** Which of the below you think are the main benefits for the adoption of social responsibility measures? (Grade according to the level of importance 1-5, 1 being the less important and 5 the most important)

- Employees' empowerment
- Improving relationships with suppliers, institutions, donors, community
- Increasing the efficiency of the company
- Acquiring of commercial benefits
- Identification reputational risks
- Enhancing corporate reputation

**16.** Concerning social responsibility, organizations should truly value the existing balance between the way to do business and the way that the business affects people's lives. (Regarding Arowoshegbe & Emmanuel, 2016). Do you agree with this sentence?

- Yes
- No

**17.** Which of the below do you find the most significant obstacle related to the development of initiatives in the field of social responsibility in your company? (Choose only one option)

- Lack of knowledge
- Lack of company support/interest
- Lack of specific legislation on CSR
- Non-immediate business benefits
- High costs
- Lack of corporate skills
- Little impact on social and environmental business

**18.** How much attention do you pay to the CSR policies of a company as an employee?

- It is not important for me
- It is an asset for me if the company undertakes CSR activities
- I would only work for a company that adopts CSR behaviors

**19.** Which of the following activities would you like to develop in the next five years at the company on which you are working? (You can choose up to three options)

- Communicate company performance in CSR and sustainability to stakeholders
- Develop new products/services which could help to reduce social or environmental problems
- Improve rigid control on suppliers' standards on human rights
- Improve the environmental impact of products/services
- None of the activities above

**20.** Did you know that in large companies, the CSR should be based on the stakeholders' theory (Regarding Russo and Perrini, 2010)?

- Yes
- No

**21.** Did you know that in small and medium-sized companies, it should be based on the social capital theory (Regarding Russo and Perrini, 2010)?

- Yes
- No

## 8.2 Appendix II – Data Analysis in SPSS

### 8.2.1 Age

		<b>Age</b>			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-24	17	11.3	11.3	11.3
	25-34	99	66.0	66.0	77.3
	35-44	27	18.0	18.0	95.3
	45-54	5	3.3	3.3	98.7
	55 or more	2	1.3	1.3	100.0
	Total	150	100.0	100.0	

### 8.2.2 Gender

		<b>Gender</b>			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	82	54.7	54.7	54.7
	Male	68	45.3	45.3	100.0
	Total	150	100.0	100.0	

### 8.2.3 Education

		<b>Education</b>			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Bachelor degree	55	36.7	36.7	36.7
	High school	9	6.0	6.0	42.7
	Master's degr	80	53.3	53.3	96.0
	PhD	6	4.0	4.0	100.0
	Total	150	100.0	100.0	

### 8.2.4 Knowledge regarding Corporate Social Responsibility concept

**Knowledge regarding CSR concept**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I don't have any idea what it is	3	6.0	6.0	50.0
	I have heard about it but I don't know exactly what it	4	8.0	8.0	100.0
	I have a basic understanding about it	21	42.0	42.0	92.0
	I am familiar with CSR	22	44.0	44.0	44.0
	Total	50	100.0	100.0	

### 8.2.5 Importance of CSR for employees

#### One-Sample Statistics – Consulting's employees

	N	Mean	Std. Deviation	Std. Error Mean
Importância	50	4.2600	.66425	.09394

#### One-Sample Test – Consulting's employees

Test Value = 3

	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Importância	13.413	49	.000	1.26000	1.0712	1.4488

### One-Sample Statistics – Banking’s employees

	N	Mean	Std. Deviation	Std. Error Mean
Importance	50	4.36	.631	.089

### One-Sample Test – Banking’s employees

Test Value = 3						
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Importance	15.236	49	.000	1.360	1.18	1.54

### One-Sample Statistics – Retail’s employees

	N	Mean	Std. Deviation	Std. Error Mean
Importance	50	4.36	.749	.106

### One-Sample Test – Retail’s employees

Test Value = 3						
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Importance	12.832	49	.000	1.360	1.15	1.57

## 8.2.6 Level of agreement regarding if CSR policies that are able to satisfy employees’ needs can make and maximize the reputation of organizations

### Level of agreement of Consulting’s employees

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	1	2.0	2.0	2.0
	Yes	49	98.0	98.0	100.0
	Total	50	100.0	100.0	

### Level of agreement of Banking’s employees

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	1	2.0	2.0	2.0
	Yes	49	98.0	98.0	100.0
	Total	50	100.0	100.0	

**Level of agreement of Retail's employees**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	4	8.0	8.0	8.0
	Yes	46	92.0	92.0	100.0
	Total	50	100.0	100.0	

**8.2.7 Level of agreement regarding if good CSR actions can improve financial performance and profitability of the companies by providing quality goods and services**

**Level of agreement of Consulting's employees**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	6	12.0	12.0	12.0
	Yes	44	88.0	88.0	100.0
	Total	50	100.0	100.0	

**Level of agreement of Banking's employees**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	3	6.0	6.0	6.0
	Yes	47	94.0	94.0	100.0
	Total	50	100.0	100.0	

**Level of agreement of Retail's employees**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	4	8.0	8.0	8.0
	Yes	46	92.0	92.0	100.0
	Total	50	100.0	100.0	



**8.2.8 If employees were engaged in action(s) that aimed the society wellbeing, through the company that they are currently working**

**Engaged in social action(s) – Consulting’s employees**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	17	34.0	34.0	34.0
	Yes	33	66.0	66.0	100.0
	Total	50	100.0	100.0	

**Engaged in social action(s) – Banking’s employees**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	19	38.0	38.0	38.0
	Yes	31	62.0	62.0	100.0
	Total	50	100.0	100.0	

**Engaged in social action(s) – Retail’s employees**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	18	36.0	36.0	36.0
	Yes	32	64.0	64.0	100.0
	Total	50	100.0	100.0	

**8.2.9 If employees were engaged in action(s) that aimed the society wellbeing, in their free time**

**Engaged in social action(s) – Consulting’s employees**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	25	50.0	50.0	50.0
	Yes	25	50.0	50.0	100.0
	Total	50	100.0	100.0	

**Engaged in social action(s) – Banking’s employees**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	17	34.0	34.0	34.0
	Yes	33	66.0	66.0	100.0
	Total	50	100.0	100.0	

**Engaged in social action(s) – Retail’s employees**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	24	48.0	48.0	48.0
	Yes	26	52.0	52.0	100.0
	Total	50	100.0	100.0	

**8.2.10 Based on the legitimacy theory, employees’ opinion regarding if this contributes to the publicity of the company**

**Employee’s opinion regarding the legitimacy theory – Consulting’s employees**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	4	8.0	8.0	8.0
	Yes	46	92.0	92.0	100.0
	Total	50	100.0	100.0	

**Employee’s opinion regarding the legitimacy theory – Banking’s employees**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	6	12.0	12.0	12.0
	Yes	44	88.0	88.0	100.0
	Total	50	100.0	100.0	

**Employee’s opinion regarding the legitimacy theory – Retail’s employees**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	2	4.0	4.0	4.0
	Yes	48	96.0	96.0	100.0
	Total	50	100.0	100.0	

**8.2.11 Opinion of employees regarding the Naqvi author theory: a significant relationship between brand image and CSR consists of brand loyalty, brand awareness, brand satisfaction, and perceived quality**

**Level of agreement of Consulting’s employees**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	4	8.0	8.0	8.0
	Yes	46	92.0	92.0	100.0
	Total	50	100.0	100.0	

**Level of agreement of Banking’s employees**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	6	12.0	12.0	12.0
	Yes	44	88.0	88.0	100.0
	Total	50	100.0	100.0	

**Level of agreement of Retail’s employees**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	10	20.0	20.0	20.0
	Yes	40	80.0	80.0	100.0
	Total	50	100.0	100.0	

**8.2.12 Employees’ opinion regarding the Arowoshegbe & Emmanuel theory: organizations should truly value the existing balance between the way to do business and the way that the business affects people’s lives**

**Level of agreement of Consulting’s employees**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	50	100.0	100.0	100.0

**Level of agreement of Banking’s employees**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	1	2.0	2.0	2.0
	Yes	49	98.0	98.0	100.0
	Total	50	100.0	100.0	

**Level of agreement of Retail’s employees**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	4	8.0	8.0	8.0
	Yes	46	92.0	92.0	100.0
	Total	50	100.0	100.0	