

PORTUGUESE CONSUMERS' PERCEPTIONS  
OF CORPORATE SOCIAL RESPONSIBILITY

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## RESUMO

A crescente importância da responsabilidade social empresarial (RSE) não pode ser negada, especialmente para os consumidores. Cada vez mais empresas adotam iniciativas socialmente responsáveis com a concepção de que os consumidores suportam as organizações ativamente. Apesar disso, pouco se sabe sobre o significado e a importância que as responsabilidades sociais têm para os consumidores, nomeadamente em Portugal.

Nesse sentido, o presente estudo, procura indagar sobre questões relacionadas sobre o nível de conhecimento da área da responsabilidade social, o grau de envolvimento com as empresas, e as iniciativas que são mais valorizadas. Em suma, a percepção e expectativas que os consumidores têm da RSE em geral.

Os resultados indicam que os consumidores Portugueses acreditam que as empresas devem ter maior responsabilidade no desenvolvimento social da sociedade pois acreditam que a influência deles na sociedade é em média positiva e apoiam as suas iniciativas socialmente responsáveis. Isto é denotado na importância que a RSE tem para os consumidores mesmo em diferentes indústrias, em particular a honestidade corporativa.

Apesar das suas preocupações e de garantirem que são familiares com o conceito de RSE, a generalidade dos participantes não conseguiram construir uma definição multidimensional, já que a maioria não entendeu a importância da dimensão económica – responsabilidades económicas são repetidamente desvalorizadas.

Torna-se fulcral por parte das empresas investigar mais profundamente as percepções e expectativas dos consumidores de modo a desenvolver estratégias de RSE mais eficazes e mais valorizadas pela sociedade.

**Palavras-chave:** Responsabilidade Social Empresarial; Percepções dos consumidores; Domínios de responsabilidade social; Comportamento do consumidor.



## **ABSTRACT**

The increasing importance of CSR can no longer be denied, especially for consumers. More and more enterprises are adopting socially responsible initiatives with the assumption that consumers will support actively. However, little is known about the meaning and importance of social responsibility for consumers, particularly in Portugal.

In this sense, the present dissertation, intends to investigate about questions regarding the degree of knowledge consumers have of CSR, their involvement with socially responsible firms, and the initiatives that are most valuable to them. In summary, the study inquires on perceptions and expectations that consumers have of CSR in general.

The research findings indicate that Portuguese consumers believe that firms must hold greater responsibility in the social development of society since they believe their influence is in average positive and consumers support their socially responsible initiatives. This is indicated in the importance attached to CSR across different industries, in particular corporate honesty.

Despite their concerns and guarantee that they understand the concept of CSR, consumers weren't able to construct a multi-dimension definition, since most weren't able to comprehend the importance of the economic dimension – economic responsibilities are repeatedly considered insignificant.

In summary, it's fundamental for corporations to investigate deeply the perceptions and expectations of consumers in order to develop CSR strategies that are more effective and more valued by society.

**Keywords:** Corporate Social Responsibility; Consumer perception; Corporate Social Responsibility Dimensions; Consumer Behaviour.

**JEL Classification System:** General (M10); Social Responsibility (M14)



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## EXECUTIVE SUMMARY

As empresas no século XXI vivem num enorme grau de incerteza, é, por isso, essencial adotar medidas que tornem o mercado mais solidário. Paula Pinto (2010) afirma que o que distingue uma empresa real do negócio é a sua consciência e responsabilidades cívicas. É fulcral para as empresas e a sociedade em geral, comprometerem-se com o desenvolvimento sustentado com os seus diferentes *stakeholders*, não como um mero custo mas como uma oportunidade de investimento.

A Responsabilidade Social Empresarial (RSE) tem os seus primórdios na década de 60 quando Bowen publicou o livro “Social Responsibilities of the Businessman”. Mas o que significa RSE? Apesar de já ter passado mais de seis décadas, a sua definição continua a gerar discordância. Drucker (1986) afirma que o interesse próprio das empresas e do bem público pertencem a uma mesma esfera, e, desse modo, a maximização do lucro é incompatível com a responsabilidade social. Outros autores, afirmam que não existe incompatibilidade já que não há evidências de que o único objetivo das empresas seja a procura do lucro (Carroll, 1991).

Dada a quantidade de definições desenvolvidas para o conceito de RSE, foi adotado uma definição de modo a trazer algum equilíbrio para o estudo. A definição desenvolvida pela Comissão Europeia enquadra-se com os objetivos propostos nesta dissertação, sendo que a RSE é “a responsabilidade que as empresas têm do seu impacto na sociedade”. Ademais “para se atender totalmente a RSE, empresas devem ter em marcha um processo que integre preocupações sociais, ambientais, éticas, direitos humanos e consumidores nas suas operações e estratégia central em colaboração com os seus *stakeholders*, com o objetivo de:

- Maximizar a criação de valor partilhado com os donos/ acionistas e para os demais *stakeholders* e a sociedade em geral;
- Identificar, prevenir e mitigar possíveis impactos adversos.” (European Commission, 2011).

Como se pode verificar o RSE é constituído por diversas dimensões, desde ambientais, éticos, sociais e económicos. As empresas atualmente envolvem-se em diferentes atividades de RSE. Estas atividades tem o poder de criar diferentes tipos de valor para os consumidores. Portanto, categorizar as iniciativas de RSE torna-se

essencial de modo a entender os consumidores. Os consumidores são importantes *stakeholders* para as empresas e o sucesso das empresas é determinado pelo comportamento do consumidores. Sendo assim, é fundamental para as empresas compreender as expectativas dos consumidores.

O modelo de RSE mais mencionado na literatura é a Pirâmide de RSE de Carroll. Carroll sistematizou as responsabilidades sociais numa pirâmide com quatro níveis: responsabilidades económicas, legais, éticas e filantrópicas. Este modelo servirá como um importante suporte no desenvolvimento desta dissertação.

Em geral as respostas dos consumidores às empresas que agem de modo socialmente responsável tem sido positivas (Pomering e Dolnicar, 2006; Podnar e Golob, 2007; Foster *et al.*, 2009). Ao invés existem estudos que contrariam esses resultados e afirmam que os consumidores não estão interessados na RSE (Carrigan and Attalla, 2001; Vaaland *et al.*, 2008). Esta falta de consenso deveria incentivar as empresas a investigar mais profundamente as perceções dos consumidores.

É nesse sentido que se desenvolve esta dissertação, com a questão central: Quais são as perceções dos consumidores Portugueses sobre RSE? Mas antes de entender as suas expectativas é necessário descobrir o que compreendem sobre o conceito e como o definem. Igualmente importante é compreender quais são as atividades mais valorizadas pelos consumidores e se estas valorizações se alteram entre empresas de diferentes indústrias. As implicações deste estudo poderão ser relevantes para as empresas Portuguesas que tencionem utilizar RSE com fins estratégicos e desse modo fortalecer a reputação de socialmente responsável junto dos consumidores.

O estudo é maioritariamente de natureza dedutiva, já que começa com afirmações teóricas acerca da RSE com o objetivo de testar teorias existentes. O modo como a investigação se orienta obriga a técnicas quantitativas, sendo que a amostragem por conveniência se enquadra dentro das possibilidades de recursos disponíveis. A amostra integra 96 estudantes portugueses universitários sendo recolhido dados através de questionários de resposta maioritariamente fechadas.

Os estudantes tem sido recorrentemente utilizados em estudos (Bigné *et al.*, 2005; Singh *et al.*, 2008; Arli e Lasmono, 2010; McDougle *et al.*, 2011; Bryman e Bell,

2011) pela importância que têm no futuro da sociedade e pela capacidade que têm de implementar tendências no presente.

Os resultados apontam que os consumidores Portugueses acreditam que as empresas devem ter maior responsabilidade no desenvolvimento social da sociedade pois acreditam que a influência deles na sociedade é em média positiva e apoiam as suas iniciativas socialmente responsáveis. Isto é denotado na importância que a RSE tem para os consumidores mesmo em diferentes indústrias, em particular a honestidade corporativa.

Apesar das suas preocupações e de garantirem que são familiares com o conceito de RSE, a generalidade dos participantes não conseguiram construir uma definição multidimensional, já que a maioria não entendeu a importância da dimensão económica – responsabilidades económicas são repetidamente desvalorizadas.

É preocupante que os consumidores valorizem a RSE mas não consigam distinguir entre diferentes atividades de distintos domínios, como foi suportado na impossibilidade de aplicar da pirâmide de RSE de Carroll. As empresas devem ganhar melhor entendimento das expectativas dos consumidores de modo a beneficiar da confiança do público. Isto torna-se ainda mais importante dado que a honestidade corporativa e as responsabilidades éticas serem recorrentemente valorizadas pelos consumidores. Podemos assumir que o momento atual da crise internacional possa influenciar, já que destapou vários escândalos, como gestão negligente, corrupção e líderes sem ética, pois poderá ter aumentado as preocupações da sociedade.

Apesar disso, os resultados apontaram para uma avaliação positiva da performance de RSE para a maioria de empresas de diferentes setores (a indústria petrolífera e os serviços financeiros foram os únicos com *feedback* negativo), sendo algumas relativamente altas.

Em suma, torna-se fundamental por parte das empresas investigar mais profundamente as perceções e expectativas dos consumidores de modo a desenvolver estratégias de RSE mais eficazes e mais valorizadas pela sociedade.





## INTRODUCTION

The XXI century has shown us already that we are living in an era of great uncertainty. Globalization has increased this uncertainty. The interdependence of markets and countries has raised awareness about the effects of corporate activities. It seems valuable to discuss about some of the most important challenges business and society will face during this millennium. And what better way to do so but to view these difficulties that society will come upon with greater solidarity.

The following chapters are a theoretical reflection of the corporate requirements that seem priority for daily operations of the business tissue. The objective lies on sharing a glimpse of the real meaning behind issues such as social responsibility, business ethics and moral conduct. A significant challenge of this research was to decide how far back in time should one go in order to fully integrate the view CSR and begin the discussion.

Paulo Teixeira Pinto (2010) claims that what distinguishes a real company from a mere business is its conscience and its civic responsibilities (Leal et al., 2011). We should be careful with defining the boundaries of that *conscience* and those *civic responsibilities* as the theme has been discussed with little consensus.

As the issue of CSR has brought a lot of discussion, it does seem pretty obvious its increasing importance for business and society. CSR has made its agenda as an important area in business literature; one can justify it by the greater attention received from academic level. Also for companies it has become a strategic activity and its importance can be viewed through the number of initiatives, forums, associations and indices (such as Dow Jones Sustainability, CSR Europe, the European Commission Green Paper, just to mention a few).

The XXI century should make us look at organizations through a positive mode, starting from an internal view but also integrating the different external social partners (Leal et al., 2011). CSR does appear to be an opportunity for a balance between economic and social development. CSR has over the years been increasingly viewed, not only as making good business sense but also contributing to the long-term prosperity of companies (World Business Council for Sustainable Development).

## **PART I: LITERATURE REVIEW**

### **Chapter 1 – Defining Corporate Social Responsibility**

#### **1.1 Introduction**

Howard Bowen's book "Social Responsibilities of the Businessman" published over half a century ago is believed to have started a new field of study regarding businesses, sustainability and ethics. But what does corporate social responsibility really mean? Corporate social responsibility has always been a somewhat vague concept as a field of study. Despite the significant amount of research, scholars haven't succeeded in developing a generally accepted concept (Clarkson, 1995).

Nevertheless, research indicates that consumers are today more aware of firms activities and hold them responsible for their actions towards society. Studies show that consumers do care about CSR and expect corporations to pursue socially responsible (Mohr et al., 2001). But does literature or organizations really understand consumers' perceptions and expectations so they act accordingly?

#### **1.2 History of Corporate Social Responsibility**

It's hard to find literature on CSR before the 50's, but this doesn't mean that prior to this period there was lack of social endeavour and practices. The idea of sustainability has been around for a long time, from as long as Malthus developed his work on population growth at the end of the 18th century. Corporate philanthropy, or donating to charities, has been practiced since as early as this period, at least in the USA (Sethi, 1977). Kant believed the business firm to be a moral community in which it should consider the interest of all affected stakeholders in any decision it makes (Bowie, 1999: 10).

It was considered legitimate as long as it benefited the owners, and donations were basically left to companies that could afford it (Bronn & Vrioni, 2001). However, according to Carroll (2008) before the 20<sup>th</sup> century most corporate donations were seen as negative actions since it was perceived as a waste of shareholders assets. Only afterwards, was it perceived as something a corporation should pursue.

Authors such as Logsdon (2006) and Carroll (2008) argue that the beginning of CSR as we know it today has a long history. However, the concept has had an important evolution from the last century until nowadays. Carroll (1979) cites Wendell Wilkie in the 30s, which “helped educate businessmen to a new sense of social responsibilities”.

Carroll (1991) argues that CSR dates back to that decade since Berle and Means encouraged firms to extend voting rights to all shareholders in order to increase transparency and accountability. It should also be noted Dean D. David's comments in a MBA class at Harvard Business School in 1946 in which he encouraged his students to take responsibilities in the future as business leaders (Carroll, 2010).

It's considered that the 50's of the last century was the start of modern corporate social responsibility (Spector, 2008). This *new* concept of CSR around the concern of scarce resources, over-exploitation of the environment and economic and social concerns seems to be marked by Howard R. Bowen's 1953 publication of *Social Responsibilities of the Businessman* (Carroll, 1979). Bowen considered that business has the obligation to “pursue those policies, to make those decisions, or to follow the lines of action which are desirable in terms of the objectives and values of our society”.

Since the second half of the 20<sup>th</sup> century a long debate on CSR has been taking place. Garriga and Melé (2004) state that since Bowen wrote the seminal book *Social Responsibilities of the Businessman* that there has been a shift in terminology from the social responsibility of business to CSR. Bowen inquired on issues about leaders' decisions and their impacts on strategy, on concrete actions that were taken by corporations and how they affected society. He was the first to build a concrete definition to the concept of CSR.

After this moment theories and approaches to the theme proliferated, especially associated to management. Frederick (1999) condenses in three key thoughts the *emerging* concept of CSR of the 50's. The first idea is that corporate leaders should consider themselves as agents of the public interest. Secondly, managers should balance competing claims to the resources of corporations. The final idea is that philanthropy should be accepted since it is a manifestation of business support to good causes” (Carroll, 2008).

Attitudes changed and slowly CSR became a topic that, although heavily linked to philanthropy, started to increase academic interest. In the following decades, important contributors developed their own definition of CSR and their works increased CSR literature. Among them, it's essential to mention Keith Davis (1960), William C. Frederick (1960), Joseph McGuire (1963) and Clarence Walton (1967). Each of them set forward their own definition on CSR and their works contributed significantly to the CSR literature.

Keith Davis argued that businesses could no longer ignore social responsibilities and referred social responsibility as “businessmen’s decisions and actions taken for reasons at least partially beyond the firm’s direct economic or technical interest” (Davis, 1960: 70). Friedman (1970) which wrote, “The Social Responsibility of Business is to increase its Profits” in 1970, in one side and, later on, on the other end, Freeman that in the 1984 published “Strategic Management: A Stakeholder Approach”. Furthermore, Freeman believed that an emerging view of business was growing, a view he called “managing for stakeholders”, which he stated that corporate resources should also be used for goals that go beyond the economic sphere.

Carroll (2008) labels the 70s as a period of CSR acceleration, which led to the development of CSR academic literature. This also meant the slow evolution of emerging realities of business practice. This was a period of changing social consciousness and concern for overall responsibility, due to important social movements in the US, such as civil rights, women’s rights, environmental movement, correction of racial discrimination, and the focus on philanthropic donations (Murphy, 1978 in Carroll, 2010).

The transition between the decade of 60 and 70s focused literature on questions regarding what social responsibility meant and its importance to business and society (Carroll and Shabana, 2010). Carroll emphasizes that one of the most important contributions was the distinction by Frederick in 1978 between corporate social responsibility (CSR1) and corporate social responsiveness (CSR2), which followed Ackerman and Murray’s arguments. They entailed, in 1973 and 1976, respectively, that what was essential was that companies were responding to the social surroundings.

This is still discussed in current times, as will also have important implications in the discussion of results of this research. Are companies really socially responsible? Or do they just react to society? Carroll (1979) explains that this division had implications on placing an emphasis on achieving results or emphasizing the outcomes of socially responsible initiatives.

Throughout the 1980s and 1990s fewer new definitions of the concept, more empirical research, and the rise and popularity of CSR variants, were produced. These alternative themes didn't depart from former literature, it simply added new discussions to CSR research or refined past definitions (Carroll, 2008). We can argue that these decades were important for business case, with the development of CSR policies and practices. The focus became increasingly coupled to research on the link between corporate financial performance and CSR activities (Frederick, 2008).

Over 120 studies have examined evidence of a link between CSR and finance performance over the past 30 years, with mixed results (Margolis and Walsh, 2005). This has led academics in the field of CSR to question whether there is really any clear motivation for companies to engage in socially responsible activities (Vogel, 2005).

In 1980 Thomas Jones gave one of the major contributions in the 80s, as he stated that CSR should be seen as a process rather than a set of outcomes. This can be a result of what was being developed along the lines of CSR business case, but he believed that "corporate behaviour should not, in most cases, be judged by the decisions actually reached, but by the process by which they are reached" (Jones, 1980: 65). He became a controversial subject due to his counter arguments to CSR popularity, such as "social responsibility is too vague to be useful". This argument is still used nowadays in literature discussion by those opposed to CSR.

In the last decade of the XX century and the beginning of the 21<sup>st</sup> there was considerable expansion of philanthropic activities, which led to visible developments in corporate departments, dedicated to "managers of corporate giving, corporate social responsibility, and public/community affairs" (Carroll, 2008: 38). A few companies started to emerge, embracing CSR guidelines and developing distinct reputations of social responsibility. To mention a few examples, companies like built good

reputations Ben & Jerry, Johnson and Johnson and The Body Shop. This was a period of global corporate citizenship (Frederick, 2008).

On the contrary, it was also a troubled period with several scandals emerging (Wall Street Financial, Worldcom and Enron scandals). Although there were concerns with business ethics that hidden the increase of research and development of CSR, advances were made, especially in Europe (Moon, 2005 in Carroll and Shabana, 2010). Corporations continued to search for and justify legitimacy for their activities. Furthermore, concepts such as sustainability and sustainable development became important features for business.

It does seem to be obvious the increase in academic literature of the social responsibility theme. Pressures from society and international organizations in reaction to the aforementioned scandals, led to the growing interest of CSR by the business community.

Furthermore, Carroll (2008) argues that the interest was increasingly relevant for the European Community. In 2000 the European Commission made an exceptional plea for companies to take part in this step towards social responsibility change in business activity. Their appeal aimed for best practices in different dimensions of CSR, including work organization, equal opportunities, social inclusion and sustainable development (Green Paper, 2001).

More recently in March 2000, the European Council in Lisbon made a special plea to companies' sense of social responsibility regarding best practices for lifelong learning, work organization, equal opportunities, social inclusion and sustainable development.

It was also characterized by the construction of the social responsibility pyramid, with its three dimensions: environmental, social and economic (Leal et al, 2011). Triple bottom line (TBL) is an important concept to create a positive impact of business organization in society, environment, and the business community. Corporations bridge economic, social and environmental dimensions to achieve sustainability (Ali et al., 2010). This was a key contribution towards the categorization of CSR, and an important issue for this research as will be explained later in the next chapter.

In the last decade there is still some resilience among CEOs to make their operations sustainable, particularly in the US and Europe, since it is viewed as a disadvantage in comparison to rivals in developing countries (Nidumolu et al., 2009). However, the debate around sustainable development and what it means for business is gaining momentum worldwide. This has incentivized organizations to move towards an evaluation of their sustainability performance (Carroll, 1999). In current business environment, corporations try to find the ways of optimization to triple bottom line concept of sustainable management.

A variety of social, environmental and economic pressures, as was mentioned before, has led companies in Europe to a revolution in promoting corporate social responsibility strategies. They aim to send a signal to different stakeholders that their activity affects: employees, shareholders, investors, consumers, public authorities and NGOs. By setting their grounds through voluntary commitment, they invest in their future and by that they expect it will help them increase their profitability (Green Paper, 2001).

Scholars and practitioners are increasingly focusing their attention on CSR, because of its significant impact on organization's economic and financial performance (Luo and Bhattacharya, 2008).

Since the turn of the XXI century that many organizations have dedicated themselves to ethics and social responsibility, international indexes that measure social and environmental performance, leading the theme to the agenda of politicians and priority of international organizations (Almeida, 2010). Veleva and Ellenbecker (2000) outline some of the main initiatives, such as: The International Organization for Standardization (ISO), The Global Reporting Initiative (GRI), The World Resource Institute (WRI), Dow Jones Sustainability Group (DJSI), etc.

As more companies recognize CSR as part of their identity and identify common values, we seem to overpass the idea of CSR as a fashion. Its importance becomes further pertinent in face of corporate scandals, managers unethical behaviour, accusations from consumer rights organizations, the challenges of globalization and the overwhelming interest of the media regarding this theme.

As I have explained before the concept of corporate social responsibility has a long and varied history. It's important to analyse the current situation in academic research terms, which will help explain the next step – the evolution of CSR definition. The definitional construct will be based on existing research and studies regarding Corporate Social Responsibility meaning in broad terms and, later on, specifically the most appropriate definition for the present study.

### **1.3 Corporate Social Responsibility – definitional construct**

What does it mean for a corporation to be socially responsible, asks Carroll (1991). Managers, academics, public authorities, and social groups have struggled to establish a consensual definition of CSR. Friedman's (1970) maxim that companies sole responsibility is to maximize profit does seem to fall short.

Drucker (1986) discusses that businesses that make profit are incompatible with social responsibility, as he advocates that self-interest of business and public good are one and the same sphere of society. Business should do good deeds for society since they earn from it profit, and so, it has to do good even if they are not obligated to. Carroll and other authors counter argument with the fact that there is no guarantee that the sole objective of managers and owners is to profit from business. These authors proclaim that profit maximization is not incompatible with social responsibility endeavour (Rego et al., 2006: 99-117 in Leal et al., 2011: 34).

Porter and Kramer (2006) expressed that companies have been doing much to improve the social and environmental impacts of their activities, but for two reasons their efforts haven't been as productive as they should. First, just like Drucker, Porter and Kramer, believe that business and society are interdependent. However, governments, organizations, activists and the media have undermined the relation between both spheres. Second, companies are continuously pressured to integrate CSR generically instead of a broader strategic way, which could develop better opportunities for both.

The role of Governments and regulatory organizations are mentioned a few times in literature, for supervisory purposes (Valor, 2005). She entails that the company's priority commitment is to contribute to the public good, even if it, at times, erodes



economic benefits. Therefore, society should reward companies that are socially responsible while public authorities act upon those who aren't.

Klonoski (1991), in Carroll and Schwartz (2003), argued that for the past decades academics have defended that the appropriate relationship between society and business is CSR.

Corporate social responsibility is not a new issue (Hopkins, 2003). There is an impressive history associated with the evolution of the concept and definition of corporate social responsibility. It is possible to trace evidences of the business community's concern for society for centuries (Carroll, 1999), as was reviewed before.

Furthermore, CSR is a term that has garnered renewed attention in an increasingly global economy although it is a concept that has been around for at least fifty years (Carroll, 1999; Moon et al, 2009). It seems obvious that nowadays, corporations have to incorporate social responsible actions in their business as societal awareness increases and the marketplace trends shift. Crane et al. (2008) argue that research regarding CSR has increased in past years due to preoccupations on CSR requirements. But the issue remains of defining the essence and boundaries of social responsibilities for corporations.

It remains unclear that CSR is actually a term, and that is one of the main difficulties in defining CSR. CSR is difficult to define since it is highly contextual (Moon et al., 2009). Frankental (2001) believes that CSR is an evolving concept and that is why it doesn't have a precise definition. Hence, the literature review for the present study demonstrated earlier the evolution of CSR concept. However, he argues that CSR is a "vague and intangible term" and so it really doesn't have meaning. Part of the problem in defining CSR rests in the fact that it is unclear whether CSR is really a concept.

It's an important contribution for literature as it considers the inconsistencies of the term, the absence of a coherent definition, its acceptance or denial by the academic field, companies and society. What does remain a fact is that academic and corporate fields haven't been able to reach a consensus, regarding its definition.

Some authors believe that the development of new theories, concepts and approaches have the sole purpose of competing with other theories, concepts and approaches (Crane et al., 2008). They also believe that CSR shouldn't be considered a concept, or at least literature shouldn't be worried in constructing a narrow term, as it should be viewed as a field of literature. A single and limited defined concept is not a solution as it wouldn't be able to contain different angles or dimensions of CSR.

Additionally, Garriga and Melé (2004) claim that "some theories combine different approaches and use the same terminology with different meanings". The vagueness of any definition for CSR is demonstrated by citing Votaw: "corporate social responsibility means something, but not always the same things to everybody" (Votaw, 1972: 25).

Davis (1960) argues that CSR is a nebulous idea and, therefore, there is no one-way definition. Kakabadse et al. (2005) and Jones (1980) go further and consider that CSR is not a process; instead, it is a set of outcomes. Despite the continuous efforts, there has not yet been established an adequate and conventional definition for CSR (Clarkson, 1995), as it's not a static concept due to the dynamic nature of the environment in which society lives in (Kakabadse et al., 2005). Furthermore, Makower (1994), cited by Carroll and Schwartz (2003), the concept of CSR has remained ambiguous and vague.

Since 'Social Responsibilities of the Businessman' by R. Bowen in 1953 that many scholars and organizations have tried to develop a clear definition of CSR (Dahlsrud, 2008). In spite of decades of research addressing CSR and the increasing number of different definitions, the discussion still leads to great confusion (Dahlsrud, 2008). The problem continues as it also creates difficulties in evaluating and defining a socially responsible corporation.

Frankental compares CSR definition to human rights widely accepted meaning. The first lacks a clear and tangible meaning while the latter has been ratified by dozens of treaties, conventions, protocols, and UN member states. He identifies a paradox, which he calls one of "denial". Managers don't admit that their company is not socially responsible but they fall behind in accepting shortcomings or mistakes, which prevents them from improving and evolving. This serves as an obstruction to CSR,

which requires companies to learn from their mistakes in order to guarantee openness and transparency. He concludes that this results in a function of public relations or external corporate affairs and it will remain so until the paradox is addressed.

Other authors also believe that CSR is a mere response to demands by society; “desire of influential publics” (O’Connor and Meister, 2008). One can conclude that CSR will only have an effective meaning until it embraces all the stakeholders of a company in an integrative approach embedded across the organization, instead of a responsive function or reaction. Furthermore it’s critical that CSR can be effectively audited and open to public scrutiny.

We can easily verify that there are countless approaches to CSR definitions, that the discussion regarding this them hardly ever reaches consensus. Leal et al. (2011) and Garriga and Melé (2004) summarize literature concerning approaches to the meaning of social responsibility in four different theories:

1. The first is instrumental theory that focuses on the interest of the shareholders. According to Friedman (1970) CSR should make sense if the objective relies on obtaining profit.
2. The second approach, the political theory, focuses on the relationships between companies and society. This approach argues that there is a minimum moral that must be achieved, without losing the focus on profit. Individuals and social institutions must respect minimum standards of moral.
3. The third which is an integrative theory defends that companies should focus their attention on the surroundings and frame into their business strategy. This approach focuses on *doing good* and highlights that, beyond that, corporations must add value in order to build a better world.
4. The final approach, ethical theory, is the one with most fans since ethics and social responsibility have similar paths. It considers that companies must act in function of interests from several audiences and not just the shareholders (such as employees, managers, local community, clients and suppliers). According to this approach companies are responsible for the community in general and to be ethically responsible one must take in consideration several expectations, and not obey the law.

The first well-developed definition appears to have been elaborated by Bowen (1953). His thought relies on two fundamental aspects: first, business operate at the satisfaction of society, and second, business act as a moral representative within society (Papafloratos, 2010).

The European Commission (2001) demonstrated a clear intention to promote a European framework for CSR and has committed itself to in a number of core strategies. This commitment is conveyed in three types of broad objectives: economic, social and environmental. The European Union hopes that the success of the implementation of strategies based on the latter objectives will lay on effectiveness of the Lisbon Strategy, Gothenburg Sustainability Strategy and the integration of the broader Union (Moon et al., 2009).

The aim was to launch a wide debate on how organizations in the European Union could increase adoption of CSR strategies and contribute to the strategic goal decided in Lisbon: “to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion”.

The Green Paper developed by the European Commission in 2001 defined CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”. This definition holds some consensus as it appears repeatedly in studies in the field of CSR (Oberseder et al., 2013; Kotler and Lee, 2004). The European Commission sets forth the voluntary action of incorporating social responsibility – commitments that go beyond the regulatory and legal obligations. The Paper refers to a concept whereby companies contribute to develop a better society and a cleaner environment in a voluntary basis.

Moon et al. (2009) consider that CSR could be translated into the responsible activities that companies undertake on a voluntary basis to integrate sustainability concerns (along what was mentioned on the last chapter, triple bottom line – social, environmental and economic) into their business operations. O'Connor and Meister

(2008) believe that CSR is mostly voluntary but they also relate CSR to the organizations' ability to be legitimate.

Davis (1960) also mentions corporate decisions and actions for reasons beyond the firm's economic interest. Though, in contrast, Davis speaks of obligations rather than in voluntary decisions. Carroll and Shabana (2010) also claim that CSR *these* obligations go beyond the obligations companies have to stakeholders and investors.

Davis believes that social responsibility has two important obligations to others: a socio-economic and a socio-human dimension. The first claims that since a corporation is an economic unit it has a broad obligation to the community considering the economic development of the community, "such as full employment, inflation, and maintenance of competition". The latter defines the obligation of corporations to "nurture and develop human values (such as morale, cooperation, motivation, and self-realization in work)".

For purposes of the definitional review it makes sense to centre our attention on more recent concepts of CSR. Petkus and Woodruff (1992), cited in Moh et al. (2001), defined CSR as "both avoiding harm and doing well". They continue by adding that CSR is a "company's commitment to minimizing or eliminating any harmful effects and maximizing its long-run beneficial impact on society". Deetz (2003) stated CSR actions as being reactive to the needs of the community. Carroll (1991) developed a framework to encompass the firm's obligations to stakeholders and those to "other competing groups".

Corporate social responsibility has also been defined as "a company's commitment to minimizing or eliminating any harmful effects and maximizing its long-run beneficial impact on society" (Mohr et al., 2001). The concept of corporate social responsibility has emerged as a way for businesses to minimize their impact on society and environment and to maximize public good.

The World Business Council for Sustainable Development, an organization committed to sustainable development, published in their Social Responsibility Report in 2000, that CSR is defined as "the commitment of business to contribute to

sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life”.

Despite different conceptualizations of CSR, the concept has over 40 different definitions that are offered in literature (Dahlsrud, 2008), as I have shown in this chapter, Kolkailah et al. (2012) claims that all CSR definitions share two common aspects:

1. That society truly show concerns of companies;
2. Definitions always consider the expectations of stakeholders and the society as a whole.

If we consider the complexity and vagueness of the concept of CSR and its increasing scope, we can find numerous conceptualizations of CSR throughout the literature. Maignan and Ferrell (2004) suggest a few, such as a stakeholder obligation, a social obligation, ethics-driven, and as a managerial process. What seems to be a tendency in corporations is a shift of the perspective of CSR, from obligation to strategy (Kotler and Lee, 2004).

For the purpose of homogeneity of the current study, I propose the definition developed by the European Commission in the paper “A renewed EU strategy 2011-14 for Corporate Social Responsibility”, communicated in 2011. The previous established definition was accepted by a large sphere of the academic literature regarding CSR. Hence, we can infer that this last one has also received some consensus by scholars, as it maintains the basis of the *old* and integrates new dimensions.

This new meaning for CSR requires enterprises to respect applicable legislation and collective agreements between social partners since it places responsibility on companies for their effects on society. For corporations to be socially responsible they “should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of:

- maximising the creation of shared value for their owners/shareholders and for their other stakeholders and society at large;
- identifying, preventing and mitigating their possible adverse impacts” (European Commission, 2011: 6).

It addresses the competitiveness of corporations since CSR can help companies anticipate and take advantage of the fast pace of changes in society. Furthermore, it defends the “society as a whole” as it contributes to the development of the sustainable objectives presented by EU treaty. The document adds that “CSR offers a set of values on which to build a more cohesive society and on which to base the transition to a sustainable economic system” (European Commission, 2011).

## **Chapter 2 – Different views of CSR**

### **2.1 Introduction**

Changing consumer behaviour is no easy task. As was mentioned earlier ethical and sustainable concerns are recent trends in the academic field, in comparison to consumer behaviour. It's no surprise that commercial implications began to spur across industries as more information became available. But the tasks of determining the forces that drive consumer attention and behaviour have been challenging.

It's a fact that consumer goods and services play a functional role in people's lives, but there is also a symbolic role (Mayo and Fielder, 2006). It's this latter role that grasps the social responsibility parameters. Mayo and Fielder (2006) stated that through the power of material goods and services we (consumers) negotiate status, understand our identity and interact with our family and friends.

Therefore it's important to understand if consumers differentiate the social responsibility sphere from within the symbolic role in consumption and the level of importance they give to CSR. Furthermore, it is fundamental to understand the CSR parameters that affect this symbolic role of consumer goods.

### **2.2 CSR Dimensions/ Activities**

Companies currently engage in different CSR activities. These activities have the ability to create different types of value for consumers. Categorizing CSR initiatives can help lead consumer perception of this value and subsequent financial performance (Peloza and Shang, 2011).

Examples of activities range from areas such as employee relations, environment, support to local communities, philanthropic activities and sustainable development. Past research explained and measured CSR through a uni-dimensional path, but nowadays, scholars are suggesting that CSR consists of multiple dimensions (Clarkson, 1995; Inoue and Lee, 2011; Carroll, 1979). Each dimension comprises a set of different voluntary socially responsible activities.



Carroll (1979) was the first to systematize CSR in a pyramid of four dimensions: “The social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time”. Yakovleva and Vazquez-Brust (2012) and Kolkailah et al. (2012) claim that Carroll’s Pyramid has been one of the most influential models in the field of CSR.

In the base of the pyramid lays the economic nature of responsibility, since all business roles are built upon the premises that every company is the “basic economic unit” with the main duty of producing and selling with profit products that society wants. This category is closely related to the utilitarian theories that defend that the first responsibility of a company is to be efficient and lucrative, maximizing shareholder value (Leal et al., 2011).

However society also expects that companies obey the law set by the present legal and justice system. Therefore, legal responsibility is the next level of the definition, which related to the theory of moral minimum often considered the bare minimum required for ethical behaviour. Similarly, McWilliams and Siegel (2001), cited in Inoue and Lee (2011), referred to CSR as a company’s voluntary activities “that appear to further some social good, beyond the interests of the firm and that which is required by law”.

The following responsibilities go beyond what is required by law. Ethical responsibilities are not required by law but society expects companies to behave by and practice in their business operations; these are called “fair actions” (Leal et al., 2011). Finally, there are philanthropic responsibilities, that correspond to enterprises as *good citizens*, “that contribute to society, by supporting arts, educational institutions and driving voluntary actions” (Leal et al., 2011). These voluntary actions are also expected by society – they exceed societal expectations – but are not as explicit in expectations as in the ethical responsibilities (Carroll, 1999) – “this expectation is driven by social norms” but is left for corporate judgement to decide.

Carroll (1979, 1999) is very careful in affirming that the economic nature of CSR activities “is something society does for society as well” and cannot be differentiated from other dimensions presented (legal, ethical and philanthropic), in terms of legitimate CSR activities. Leal et al. (2011) argue that these four dimensions consist

of three different types of expectations: the first two dimensions are what is required by society; the third dimension is what is expected; and finally, the fourth dimension relates to what is desirable. In summary, each one of the dimensions corresponds, respectively, to four objectives: to be profitable, to obey the law, to engage in ethical behaviour and to be a “good corporate citizen”.

Curiously, Carroll (1998) claims that “good corporate citizens” are expected to fulfil the first three objectives and also give back to society through philanthropy. He calls these four objectives, the four faces of corporate citizenship and states that there are intimately related, and not as an actual pyramid. Some practitioners have misinterpreted the four-part model as a “stage” model; each responsibility leads to the next. However, the model expresses that there should be a balance among the four responsibilities, and companies should prioritise them as they deem most important (Yakovleva and Vazquez-Brust, 2012).

Yakovleva and Vazquez-Brust (2012) discussed the relevance of environmental in the social responsibility sphere, which is not consensual. Carroll (1991) argues that environmental responsibilities should be present in the ethical sphere of the Pyramid model: “the environmental, civil rights, and consumer movements reflected basic alterations in societal values and thus may be seen as ethical bellwethers foreshadowing and resulting in the later legislation”. Other studies that they present in their research mention environmental concerns as a component of CSR, such as Elkington (1998), Dahlsrud (2008) and Visser (2008). In that sense developed an extended version (with five dimensions) of the four-part model of Carroll, emphasizing the importance of environmental responsibilities (the *new* dimension).

One of the most mentioned approaches to conceptualize CSR is the Three-Domain Model of CSR developed by Schwartz and Carroll (2003). This framework was extrapolated from Carroll's previous work in this area and is composed of three responsibility areas: economic, legal and ethical. These three dimensions correspond generally to the domains of Carroll's Pyramid, except the philanthropic responsibility area, which in this model is divided in the ethical and/or economic domains, depending on the underlining motivations.

The special feature of this model is the illustration of the three domains in a Venn diagram which emphasizes the overlapping nature of these categories resulting in a seven category framework. This model also eliminates one the main criticisms of Carroll's Pyramid, the hierarchical relationship of the four dimensions.

Alternatively, Clarkson (1995) proposed a stakeholder framework that divided CSR in five different dimensions based on categories of primary stakeholder issues. Basically, it's a framework that measures CSR through its relationships with primary stakeholders. Clarkson defines primary stakeholders as individuals, groups and/or institutions that are essential for a company's survival, such as employees, suppliers, customers, shareholders, community and natural environment. The framework involved the following dimensions based on the KLD CSR headings, as was referred to by Bird et al. (2007):

1. Employee relations
2. Product quality which is similar to consumer relations
3. Community relations
4. Environmental issues
5. Diversity issues

Furthermore, Clarkson argues that the various activities that a corporation engages with different primary stakeholders should be defined as different CSR dimensions but other studies argue that some categories should be grouped in the same dimension. However, for the interest of this research, this issue will not be discussed.

Inoue and Lee (2011) mention several studies that measure CSR on the basis of primary stakeholders, such as Berman, Wicks and Jones, 1999; Hillman and Kleim, 2001; Johnson and Greening, 1999; and Kacperczyk, 2009. Bird et al. (2007) also used the same framework, which is based on the KLD activities to determine if there exists a relationship between firm's strengths and concerns CSR activities and equity performance.

With the main purpose of mobilizing and helping companies manage their business in a socially responsible way, the ETHOS Institute developed a CSR evaluation tool, the "ETHOS indicators for Sustainable and Responsible Business". This tool was

developed in convergence with various CSR initiatives, among the most important, the ABNT ISO 26000, the Global Reporting (GRI) and the CDP (Carbon Disclosure Project). They grouped the indicators classification in a framework of four dimensions: Vision and Strategy, Management and Governance, Social Dimension and Environmental Dimension.

According to Metaxas and Tsavdaridou (2010) CSR encompasses two main dimensions: internal and external. The internal dimension represents the core of the company (such as employees and shareholders) and involves CSR concerns for social and environmental activities. These activities focus on human resources, health and safety, managing change and sustainable development. The external dimension represents the external environment of the company, and embodies other stakeholder, such as suppliers, communities, NGO's, customers and partners. The activities are characterized by affecting local communities and the surroundings, for example with new jobs, donations, human rights, and reduction of environmental impact.

According to the principles recognised by the European Commission (2011) in the communication "A renewed EU strategy 2011-14 for Corporate Social Responsibility", CSR activities are addressed through a multidimensional framework.

Fernandes et al. (2012) developed a similar model that in order to assess social performance defined several variables that captured motivations of Portuguese companies. These variables were mostly based on the Green Book (European Commission, 2001) and GRI guidelines. They determined that companies in Portugal based their objectives according to three dimensions of sustainable development (Triple bottom line, which we explained briefly in the previous chapter): Economic, Environmental and Social.

The main goal of this study was to advance a framework to measure social performance but the categorization of socially responsible variables have the purpose to group similar motivations of Portuguese companies. The analysis divided the relevant variables in two main dimensions: Internal Dimension Variables and External Dimension Variables.

The Internal Dimension Variables includes responsible management, environmental and natural resources management, health and safety at work, human resources management and business ethics. The study conducted determined that these variables are more relevant for compliance with legal requirements and regulations.

The External Dimension variables have ethical and social responsibility concerns and seem to be more relevant for communication with the exterior. This dimension is defined by variables such as Business Ethics, Stakeholders, Local communities, Human Rights, Responsible Management and Environmental and Philanthropic global concerns.

Alternatively, Kotler and Lee (2004) divided CSR activities according to six main types of social responsible initiatives. First, "cause promotion" that is defined as activities that promote awareness and concern for social causes. Second, "cause-related marketing", which are activities that involve the relationship between a company and a social cause, regarding that consumers tend to favour companies with "better civic reputations". Third, "corporate social marketing", that consist of activities that try to alter behaviour. Next, "corporate philanthropy", which is the direct contribution to social causes, and "community volunteering" in which companies promote the use of human resources (employees) to engage in social causes. Finally, "socially responsible business practices" which are discretionary practices and investment to support social causes.

Also interesting, Matten and Moon (2008) presents a conceptual framework for understanding differences in CSR. They identify two different elements of CSR: the explicit and the implicit. "Explicit CSR" describes corporate activities that adopt responsibility for the interests of society. These activities consist of voluntary policies, programmes, and strategies that are motivated by expectations of different stakeholders of the corporation. "Implicit CSR" refers to values, norms and rules that result in compulsory requirements for corporations to address legitimate stakeholder issues. The results of the study indicate that there has been a shift from implicit to a more explicit CSR environment among European companies.

Corporations have been fascinated by particular types of social activities over the years, either by their own interest or by legislation or legal requirements for business

legitimacy. Therefore, company can express its social responsibility in various forms since its definition of CSR can also vary. In this sense, it is difficult to standardize a “one-size-fits-all” model of CSR conceptualization; the increasing size of literature demonstrates this struggle. The number of studies that have investigated this theme, involving main drivers or categorization of CSR activities, result in increasing number of reporting formats, forms and indices (Lockett et al., 2006).

Bhattacharya and Sen (2004) claim that customers are an important stakeholder group that seems to be vulnerable to different CSR initiatives from companies. Therefore, these alternative CSR frameworks can lead to differing stakeholders' perceptions of the process of socially responsible activities.

### **2.3 CSR from a company's perspective**

Despite the different views on CSR, literature seems to demonstrate that customers do care about CSR, so it's in a firm's interest to engage in social responsible activities (Davis, 1960; Mohr et al., 2001; Bhattacharya and Sen, 2004). Assiouras et al. (2011) characterized CSR as the “new buzzword” that benefitted firms in numerous ways, although there has been some lack of research the exact impact of CSR in consumer behaviour.

Although, several studies have been developed in order to identify companies motives for engaging in CSR activities (Kolkailah et al., 2012), in 2001, Mohr et al. were only able to identify two studies – Rosset et al., 1990, and Webb and Mohr, 1998 – in literature that measured awareness of CSR concept.

Bhattacharya and Sen (2004) present results from a market poll that suggests that there is a positive relationship between a company's CSR initiatives and consumers' reactions to the company and its products. Furthermore, Peloza and Shang (2011) concluded that “CSR leads to outcomes such as increased customer loyalty, willingness to pay premium prices, and lower reputational risks in times of crisis”.

These findings have motivated companies to devote attention and resources to CSR actions. Davis (1973) argues that in the long-run it's in the company's best interest to be involved in social responsible initiatives, as it can increase their financial

performance. That is why Kolkailah et al. (2012) argue that company's motivations are a "combination of self-interest and altruism".

Moon et al. (2009) argue that intangible benefits and financial benefits from CSR activities are widely accepted and the discussion should be centred in the possibility of CSR being a potential driver for competitiveness. Kolkailah et al. (2012) believe that strategic CSR can lead to several benefits, among them, "better reputation, access to financing, employee motivation, increased competitiveness and loyalty of all stakeholder groups".

Other benefits are enumerated by Assiouras et al. (2011: 211), such as "from a marketing perspective, include consumers' positive product and brand evaluations, enhancement in brand image and personality, store attractiveness, brand choice, brand loyalty and commitment, brand identification, identity attractiveness, brand recommendations, advocacy behaviours and firm value market (Creyer and Ross, 1997; Brown and Dacin, 1997; Drumwright, 1994; Handelman and Arnold, 1999; Osterhus, 1997; Sen and Bhattacharya, 2001; Mohr and Webb, 2005; Oppewal et al., 2005; Sen et al., 2006; Du et al., 2007; Marin and Ruiz, 2007; Madrigal and Boush, 2008; Wigley, 2008; Gupta and Pirsch, 2008)".

Other arguments suggest that by getting involved in social responsible initiatives corporations can prevent bad reputation. Assiouras et al. (2011) argued that consumers were more sensitive to negative information from CSR – the "negativity bias", which means that consumers reactions towards social irresponsibility is stronger than social responsibility. The results from the Cone research (2004) seem to agree, as 90% of consumers considered switching to another company's products or services and 81% to speak out against that company. Trudel and Cotte (2009) argued that consumers were willing to pay a premium for products with ethical characteristics, but they would punish to a greater extent unethical conduct.

There are a number of different opinions regarding promotion of CSR activities by corporations. Sen and Bhattacharya (2001) claim that consumers are more likely to be loyal to firms that engage in social causes and also promote them to others. However, some researchers agree that corporations should not only engage in CSR actions of corporations but also promote and publicize it due to their positive impact on

consumer behaviour towards corporate products. Mohr et al. (2001) believed that consumer must be aware of CSR actions in order to have positive impact on purchase intentions, but consumers usually found it difficult to obtain information about the CSR actions of corporations.

This is important to this research, which also focuses on the possibility of information leading to a halo effect on consumers' perceptions, in that they generalize from knowledge of one initiative to beliefs about other initiatives. The halo effect, as implied, is the tendency to draw an impression of a person or object from a few positive or negative facts, and to then use that impression to infer other facts about the person or object (Smith et al., 2010).

There are various factors that can affect consumers' behaviour and perceptions derived from CSR activities. In this sense, it seems important for corporations to understand consumers' reactions to CSR, which can lead to effective strategies. Bhattacharya and Sen (2004) are based on three ideas. First, consumers have different perceptions, so CSR initiatives should consider the consumer perspective. Second, CSR initiatives can serve as a means to strengthen customer relationship, if firms consider consumers' attitudes, attributions and awareness when engaging in CSR activities. The final idea argues that marketing mix attributes impact the brand and the company.

The problem for companies nowadays is not whether they should engage in social responsible initiatives, but rather what activities to incorporate and how to do it in an effective way. Companies have been investing resources in CSR programmes that have failed repeatedly. Clarkson (1995) argues the problem may be due to insufficient information from consumers' perceptions and motivations towards CSR. Moreover, the lack of a clear conceptualization of CSR and a systematic framework that can provide some organization for CSR strategies have shown to be an obstacle.

Bhattacharya and Sen (2004) suggested that "consumer reactions to CSR are not as straightforward and evident as the marketplace polls suggest; there are numerous factors that affect whether a firm's CSR activities translate into consumer purchases". I have explained earlier that consumers don't react equally to different social



responsible dimensions, nor are their reactions the same among consumers to similar CSR activities.

Mohr et al. (2001) claim that there is insufficient research on what the stakeholders expect and “as a result, those who run corporations lack a clear understanding of what the public wants from them and how far they are expected to go toward helping their communities”. In order for firms to be effective in their efforts to engage in CSR actions and build social responsible reputations it's imperative that they understand stakeholder expectations (O'Connor and Meister, 2008). This would enable a clear and concrete CSR strategy that could be efficient in placing corporate efforts and resources that match public expectations. Furthermore, it seems more vital for the sustainability of CSR programmes (Carrol, 2008).

#### **2.4 CSR from a consumer's perspective**

Loureiro et al. (2012) presented findings from automobile CEO's – Lacy et al., 2010 – in which most of them in the sample considered consumers to be the most important stakeholder group. Maignan (2001) showed interest in the largest stakeholder group, the consumers. Several researches have focused on determining a link between CSR practices and public's opinion (Kolkailah et al., 2012). But the real question remains to be: Do consumers real care about CSR?

In 2013, Nielsen surveyed more than 29,000 online respondents in 58 countries to see whether CSR matter to consumers. The study concluded that there has been a growing interest among consumers to reward corporations that are perceived as socially responsible. However, consumers are unwilling to trade price and quality for CSR initiatives.

The same study shows that the number of consumers interested in companies that have implemented programs to give back to society is growing. There is an increase in willingness to pay for products and services from companies giving back to society – the socially conscious consumer or ethical consumer. Webster (1975) defines the socially conscious consumer as “a consumer who takes into account the public consequences of his or her private consumption or who attempts to use his or her purchasing power to bring about social change”.

Bhattacharya and Sen (2004) argue that there are four situations that can link CSR to consumer purchasing decisions. First, this can occur when the consumer and company both support a cause. Next, the consumer perceives a high company/issue fit. And the last two ideas are related to product/price specifications: either the product is of high quality and/or there is no premium on the products' price due to social responsibility.

Kolkailah et al. (2012) claim that there are opposite conclusions regarding consumer responses to CSR activities. The problem though continues to be the low level of consumer awareness of CSR activities (Bhattacharya and Sen, 2004) and that consumers are not fully informed of companies' behaviours (Kolkailah et al., 2012).

Over the past years, we have witnessed the increasing development of a stream of research of how corporate social responsibility may help a firm and its products and services to consumers (Maignan and Ferrell, 2004). This research trend has grown as a marketing potential of corporate responsibility initiatives, including corporate environmentalism, corporate citizenship, and corporate sustainability.

Corporations have not only been using CSR to establish good reputation with the public but also to help protect them from unforeseen risks and corporate scandals, possible environmental accidents, governmental rules and regulations, brand differentiation, and better relationship with employees (Ali et al., 2010).

Alternatively, there are those who believe that CSR is a faulty concept altogether. The Nobel Prize winning economist Milton Friedman (1970) is a famous opponent of CSR. He, along with his followers, believes that the sole purpose of the corporation is to maximize the financial return to its owners. The shareholders as individuals can then revert their profits for whatever they deem appropriate. The use of corporate profits for socially responsible actions is arbitrary. Moreover, Maignan (2001) argues that there is lack of knowledge on consumers' definition of socially responsible corporate behaviour, so how should a company determine the consumers' evaluation of CSR?

Despite this fact, CSR has increasingly become an important concept in public policies, corporate communication and literature, which have used various conceptual framework to examine consumer demand for CSR (Mohr et al., 2001; Sen and

Bhattacharya, 2001; Valor, 2005). According to Smith (2008) companies incorporate CSR because consumers, employees, and investors care “in ways that create economic incentives for companies to give attention to corporate responsibility”.

Nowadays, consumers expect companies to be socially responsible and behave in an ethical way (Mohr et al., 2001). According to Bhattacharya and Sen (2004) the debate on CSR has shifted from whether to do so to how to engage in CSR. Bonini et al. (2007) determined that there is a gap between consumers and corporations. Literature in the area is a shortcoming as Singh et al. (2008) concluded: “the existing literature does not have many studies focused on consumers”.

Consumers believe that firms are addressing inadequately some CSR issues which have affected their trust (Bonini et al., 2007; Kolkailah et al., 2012). Some are even skeptical of companies' intentions (Pomeroy and Dolnicar, 2009). Among these issues, corporations have had unsatisfactory evaluation on “transparency about business practices and the risks of products and services, the development of socially and environmentally responsible products and services, and the price and accessibility of products” (Bonini et al., 2007). This study contributed significantly to understand differences among consumer perceptions and motivations across different industries.

Although much of research has been able to link CSR and market performance, there hasn't been much attention regarding consumers' CSR perceptions and behaviour when purchasing consumer goods (Singh et al., 2008). Consumers' attitudes are also determined by consumer preferences, since each consumer has different reactions towards products, services or corporate initiatives (Peloza and Shang, 2011). Understanding this can lead to more effective communication strategies, which can increase their knowledge of CSR attributes in the products they purchase.

The “lack of awareness may become an inhibitor of consumer sensitivity and explain why they might be taken into account while appraising a company” (Maignan and Ferrell, 2004). This is even more pertinent when we consider that it's more common for consumers to regard commercial responsibility in their purchasing behaviour. The amount and nature of CSR information influence consumer awareness and purchase intentions (Mohr et al., 2001).

It seems important for companies and academics to understand the role of CSR activities in consumers' purchasing decisions. However, it's imperative to first comprehend their motivations and attitudes towards socially responsible actions. Furthermore, consumer awareness of companies' initiatives can influence greatly the responses of consumers, so if companies promote themselves as socially responsible they need to have strategies to deal with criticisms of irresponsible behaviour (Mohr et al., 2001).

## **PART II: RESEARCH DESIGN**

### **Chapter 3 – RESEARCH DESIGN**

#### **3.1 Introduction**

In the following chapter the various steps that compose the research process are discussed. The chapter begins with a description of the research approach used for the basis of the current research. On the basis of what is known regarding CSR and the different models in relation to CSR, I deduced the research questions that eventually led to hypotheses that were subject to scrutiny.

Bryman and Bell (2011) developed the research process that is described in this chapter, which is basically divided in three steps:

1. Theory;
2. Research questions which encompass the different hypotheses;
3. Translation of the hypotheses in operational terms.

The process of the research method is then explained. First a short summary of the theory, which composes this research, is given. The literature review supports the research questions that are the basis of the hypotheses. Each research question has detailed research objectives and I describe how each one is operationalized.

Theory and the hypotheses deduced from it drive the method of collecting and processing data.

Firstly of all a short summary of the executed literature review will be given. This is our starting point for formulating the problem definition and developing the research question. Subsequently, we make the research question more concrete through the articulation of different research objectives. Afterwards follows a description of the research design and the research method. In the last section of this chapter we express each research objective in operational terms.

The scarcity of research on the consumers' responses towards corporate social responsibility in Portugal has inspired this research. The purpose of the literature study is to gain understanding of the main theoretical concepts related to the research

and to examine to which extent existing literature already covers the subject. Subsequently, a descriptive quantitative research was conducted through a survey on a non-probability sample of consumers. The primary objective is to investigate the opinions and motivations of the respondents in relation to CSR and different CSR activities, and the perceived value that they derive from it, given a cross-industry approach.

### **3.2 Research questions**

Despite the current discussion as companies should integrate social responsibilities into the corporate sphere, it is clear from the literature review that the importance of CSR has been growing over the past years. Firms are under pressure to give money to charities, protect the environment, and help solve social problems in their communities (Mohr et al., 2001). Kolkailah et al. (2012) believe that companies have underlying responsibilities towards the societies they are operating in, and therefore, companies need to acknowledge environmental and social into their decisions.

Several studies confirm that consumers' responses towards socially responsible companies are generally positive (Pomering and Dolnicar, 2006; Podnar and Golob, 2007; Foster *et al.*, 2009). On the other hand, other researches concluded that consumers are not interested in CSR (Carrigan and Attalla, 2001; Vaaland et al., 2008). Kolkailah *et al.* (2012) state that this lack of consensus should incentivize further investigation of consumers' responses towards socially responsible companies. Consequently, it's critical for companies to understand consumers' concerns since they are very important stakeholders from an economic point of view.

Although there has been some debate, there has been little research on what consumers expect from companies. Mohr et al. (2001) go further by defending that managers and business leaders lack a clear understanding of what the public wants from them and how far they are expected to go toward helping their communities.

This brings us to the key research question of this dissertation:

“What are the perceptions Portuguese consumers have of corporate social responsibility?”

Before understanding the value consumers have of CSR, it is important to find out what these consumers know about corporate social responsibility and how they define it – what is the nature of their beliefs? As I wrote during the literature review, despite the several decades of research on CSR, there is no strong consensus on a definition for CSR. Therefore, exploring what is the degree of knowledge of consumers and to what point they are supportive of CSR.

Bonini et al. (2007) believe that companies must gain a better understanding of consumers' perceptions and expectations about CSR if they are to win public's trust. Consequently the goal of my research is threefold. On the one hand I want to find out what corporate social responsibility actually means for consumers and on the other hand I want to understand what type of activities consumers value the most. The final goal intends to uncover if consumers attitudes and expectations change depending on the industry of companies.

The implications of this research can be relevant for Portuguese companies intending to use CSR for strategic purposes and to strengthen their social responsibility associations with their consumers.

### Research objectives

In this section the research objectives were developed by specifying how they will led to the questionnaire. The questions incorporated in the questionnaire are intended to gather information on consumer's opinions and behaviours in order to answer different research objectives.

#### **3.2.1 Research objective 1**

From the consumers' perspective, do corporations have a responsibility to society? To what extent are consumers in the Portuguese market aware of CSR? Identify the perception consumers have of CSR nowadays.

**H1:** Consumers in Portugal believe that corporations should be responsible for improving social impacts.

In the Ipsos Mori survey an overwhelming majority of the British public interviewed (93%) said companies should be responsible for improving the social impacts of their products and services. Although nearly half of them claimed that few or none of the large companies are actually doing all they can to be responsible.

CSR has become increasingly important in Portuguese industry (Branco and Rodrigues, 2008, and Dias-Sardinha and Reijnders, 2005), mainly due to societal pressures. This can be a reason for the positive evaluation of Portuguese citizens of the overall influence of companies on society on the Flash Eurobarometer conducted by the European Commission (2013). 65% of the respondents had in average a positive evaluation. Loureiro's et al. (2012) research suggested that CSR may contribute to increase consumer satisfaction which can be a predecessor of a positive assessment.

**H2:** Portuguese consumers are not generally aware of the concept of CSR.

The study “Sair da Casca” led by Multivária between 2003 and 2004 concluded that Portuguese consumers are generally unaware of the concept CSR. They normally identify isolated areas in which companies express their involvement with “people” and “the society”, but are unable to construct a multi-dimensional concept nor they recognize CSR as part of the strategic vision of organizations.

Furthermore, the objective is to identify what consumers perceive as the concept of CSR – what activities do they associate to CSR. ISO 26000 is one of the most mentioned guides for businesses and organizations in the literature review (Hopkins, 2006; Maignan and Matten, 2008; European Commission, 2011; Loureiro et al., 2012; and ETHOS, 2013) that was conducted for this dissertation. ISO 26000 provides guidance and clarifications regarding CSR, and helps firms and organizations, regardless of their activity, size or location, to translate principles into effective actions and shares best practices.

ISO 26000 was developed using a multi-stakeholder approach involving experts and organizations from various countries, which make this document, a broad and consensual guide. It provides guidance on seven principles of social responsibility, which are accountability, transparency, ethical behaviour, respect for stakeholders



interests, respect for the rule of law, respect for international norms of behaviour and respect for human rights. These principles support ISO 26000s' issues concerning social responsibility in the following core subjects:

1. Organizational governance
  - Maximize profit.
  - High level of operating efficiency.
2. Human rights
  - Exploitation and child labour avoidance.
  - Non-discriminatory practices.
3. Labour practices
  - Investing in relationships with and between employees (e.g. team-building, group promoting activities).
  - Investing in a healthy and safe working environment.
4. The environment
  - Sustainable resource use (energy, water, recycle, etc.).
  - Prevention of pollution.
5. Fair operating practices
  - Anti-corruption compliance (avoidance of bribery, conflict of interests, fraud, etc.).
  - Fair competition in the market.
6. Consumer issues
  - Treat customers well (e.g. provide accurate information, fair price to ask, good quality, etc.).
  - Consumer data protection and privacy.
7. Community involvement and development
  - Product donations to charity (e.g. food, clothing, services, etc.).
  - Create employment.

Organizations are expected to address each of the core subjects that include the economic, environmental, and social impacts. For each subject (or dimension) I chose two statements that may represent the category, totalizing 14 statements that respondents were asked to select if they perceived it as being part of CSR concept. I can then determine what CSR subjects seem to more properly fit their perception.

### 3.2.2 Research objective 2

What is the importance that consumers attach to CSR?

**H3:** Portuguese consumers are supportive of socially responsible businesses when shopping.

This hypothesis is related to comprehending the relationship between attitude and purchase behavior – if a consumer supports CSR it should be backed up by purchase behavior. “Very little research has examined the extent to which consumers are willing to make an effort to support socially responsible businesses and punish irresponsible organizations (Maignan, 2001: 58).

However, some literature indicates that the social responsibility programs of companies play an increasing role in a consumer's purchase decision (Loureiro et al., 2012; Inoue and Lee, 2011). Furthermore, Assiouras et al. (2011) and Inoue and Lee (2011) enumerate several positive relationships between CSR and consumers, such as firm reputation, consumer satisfaction, positive product and brand evaluations, and brand loyalty.

Maignan (2001) shows several studies in which American consumers are in general supportive of CSR actions when shopping, such as Smith's study (2006) and a survey by Council on Foundations in 1996. Nonetheless, corporate social responsibilities have been investigated mostly in the US; therefore the integration of their results in corporate strategies and communication to attract consumers remains uncertain.

### 3.2.3 Research objective 3

What CSR attributes do participants perceive as most important for organizations to engage in?

**H4:** Portuguese consumers will allocate less importance to corporate economic responsibilities than to corporate (a) legal, (b) ethical and (c) philanthropic responsibilities.

**H5:** Portuguese consumers will rank the legal, ethical, and philanthropic corporate responsibilities in the following decreasing order: (1) legal, (2) ethical, and (3) philanthropic.

The investigation of the importance attributed by consumers in Portugal to economic, legal, ethical and philanthropic responsibilities, is based on the study implemented by Maignan (2001). Maignan's study used Lodge's (1990) comparative analysis of business-government relations in the US and Europe as the conceptual background. The purpose doesn't lie on determining cross-national differences as the original study but maintains the suggestion that consumers' depictions of corporate social responsibilities can be expected to reflect underlying national ideologies.

Lodge (1990) differentiated between individualistic and collectivistic ideologies. Similarly, Auger et al. (2007) classified group of countries based on shared similar values. Their study also mentions Schwartz (1999) who was able to categorize six sets of nations, which are: Western Europe, English-speaking, Far Eastern, East European, Latin American, and Islamic countries.

Soares et al. (2007: 282) used Hofstede's 1984 scores to classify Portugal in terms of ideology dimension and concluded that Portugal is a collectivistic, feminist, long-term oriented, high uncertainty avoidance, and high power distance culture. Portugal scored the lowest on individualism among the European countries that Hofstede examined. Therefore, Portugal is similar to the case of Germany and France that Maignan (2001) presented in her study, that are characterized mainly by a collectivistic ideology.

These societies are unlikely to perceive the individual's self-interest as the primary goal; therefore they might not expect economic activities as the most important duties that businesses should pursue. Accordingly, to Maignan's study (2001), Portuguese consumers will view economic responsibilities as secondary to other CSR dimensions.

The analyses that Maignan (2001) presents (Lodge, 1990; Hofstede, 1980, 1983; or Schwartz, 1992) don't propose any ranking order for the remaining CSR dimensions of Carroll's model – legal, ethical and philanthropic responsibilities. As a result, I will also adopt Carroll's evaluation with the previous order of importance.

### 3.2.4 Research objective 4

Based on survey conducted by Incite Marketing on behalf of McKinsey in July 2006, receiving responses from 4063 consumers from 7 countries, the cross-industry comparison will consider the following industries: Petroleum, Food and Beverage, Retailing, Pharmaceuticals, Electric Power and Financial Services.

A further understanding of the possible differences among different industries regarding the evaluation of corporate social responsibility attributes contemplates two industries: Electric Power and Financial Services. This part of the research covers this two industries since they deal with consumers who buy directly products/services (consumer facing) and are subject to regulation, and have recently experienced significant public scrutiny.

These industries were chosen given the increased visibility they have gain in the past years due to the economic turmoil in Portugal. Energy and financial industries have been in the centre of social and economic debate, due to the repercussions they have in the country's economy and citizens' spending.

Media attention of the banking system, criminal cases of BPN and BPP, State contracts with Electricity production companies and electricity prices has been repeatedly front page in newspapers. This is important for research since it's reasonable to deduce that consumers are more aware of these industries activities due to wide media coverage.

**(4.1)** How important is it for companies in different industries to address CSR issues and how are they performing?

**H6a:** The consumers' perspective of the performance in addressing CSR issues of companies in the Financial Services **(1)** and Petroleum Industry **(2)** is in average negative.

**H6b:** The consumers' perspective of the performance in addressing CSR issues of companies in the Food and Beverage **(1)**, Pharmaceutical **(2)** and Retail **(3)** is in average positive.

**(4.2)** Does the ranking of different CSR activities alter in organizations of different industries?

**H7:** Consumers rank CSR activities differently depending on the industry involved.

The study performed by Bonini et al. (2007) concluded that “consumers trust some industries more than others”, so it’s reasonable to expect differences in the evaluation respondents will have. Furthermore, the study explains that consumer expectations vary significantly depending on the industry involved. Consequently, it is expected that the ranking order of different CSR activities changes depending on the industry.

The Flash Eurobarometer survey requested by the European Commission in 2013 conducted a sector-by-sector analysis of the efforts made by companies to behave responsibly towards society in many countries. Respondents were given a list of different sectors and asked whether they thought each made efforts to behave in a responsible way towards society.

In Portugal, the Flash Eurobarometer (2013) concluded that Food production and agriculture (82%) and Retail (80%) companies are the most likely to be seen as making efforts to behave in a responsible way towards society, while financial and banking (44%), and mining, oil and gas companies (47%) are least likely to be seen as making these efforts. The results were also similar in the remaining countries. It seems reasonable to relate that companies seen as making efforts toward responsible behaviour can mean that their performance can be positively evaluated.

It’s not quite the same objective as this research, which follows the study performed by Bonini et al. (2007). In the latter, the study’s source included consumers from seven countries, which evaluated the performance of 6 different sectors across 19 CSR issues. The results were in average positive; for the performance 3.41 out of 6 and for the importance of addressing CSR issues 3.75 in a scale of 1 to 5. One can conclude that respondents will in average evaluate positively the importance of companies addressing CSR issues.

To further investigate the prioritisations of CSR components, the research examines respondents' perceptions of another category, environment. This extension fully considers the dimensions proposed by the European Commission.

Carroll's model (1991) doesn't deal explicitly with environmental responsibilities of companies. However, Obserder et al. (2013) consider that consumers see corporations' environmental engagement as critical, since ecological damage is likely to affect future generations. Moreover, many other studies have increased the number of dimensions that are examined. Yakovleva and Vazquez-Brust (2012) developed a new CSR pyramid, which included another category, the environmental responsibilities.

The study mentioned previously – Flash Eurobarometer – also points out the positive and negative effects of companies on society. This is an indicator of issues that citizens deem as most important. Among the most common responses that are useful for the present research are: employee concerns (“providing training to employees”, “reducing the number of their employees” and “poor working conditions”), product concerns (“developing innovative products and services” and “poor quality products and services”), philanthropic activities (“providing financial support to local people”), profit concerns (“providing return to investors”), ethical and legal concerns (“corruption”, “encouraging over consumption” and “excessive influence on government policy”) and finally environmental concerns (“environmental pollution”).

The study had no intention of ranking the importance for each issue but it's a good pointer to understand what CSR issues are perceived as most important. Similar results have been found on the Bonini et al. study (2007) in terms of the “importance of issue” variable. These results seem to be in accordance to the statements that O'Connor and Meister (2008) chose for their rank order evaluation of CSR attributes. Auger et al. (2007) revealed that consumers order their preferences with respect to different social and ethical issues, which suggests that socially responsible activities are not valued equally.

The value of this analysis stretches to another related question: Do these orderings differ across industries? In some way, this question seems the most interesting. If there are no differences encountered then firms can adopt CSR strategies and promote

activities from firms of any industry. If they are different, the ranking classification should be studied further, as to determine what adjustments are necessary to address to accommodate these differences.

Bonini et al., as was mentioned before, showed that regarding different sectors consumers identify different issues as most important. In the Electric Power industry, concerns were more focused on environmental issues while in the Financial Services consumers identify customer relations, product quality and transparency and moral issues. These findings suggest that it may be expected to appear better ranked in the current research question.

### **3.3 Research design**

The research question “What are the perceptions Portuguese consumers have of corporate social responsibility?” was previously conceptualized through several research objectives, and relevant hypothesis that have been studied in the past. The research theory that was presented might be new to the Portuguese agenda but it has been generically studied in several countries. In some areas there is lack of consensus but theory that has led this research has been increasingly debated.

#### **3.3.1 Research method**

Bryman and Bell (2011) argue that choices of research strategy, design or method have to be conform the specific research question (or questions) being investigated. Furthermore, since the research that will be conducted is interested in determining the relative importance of a number of attributes of a social phenomenon (CSR), a quantitative strategy will fit the needs, because the assessment of motives is one of its keynotes.

The research approach is mainly deductive since research starts from a literature review and relevant theories to uncover a problem definition. Consequently, I designed a research strategy in order to obtain answers to the research questions that I developed and the separate research objectives and hypotheses (Saunders et al., 2003). Bryman and Bell (2011) state that the researcher, on the basis of what is known about a particular domain and of theoretical considerations in relation to that domain,

deduces a hypothesis (or hypotheses) that must be subjected to empirical scrutiny. Embedded within the hypothesis will be concepts that will need to be translated into researchable entities. The researcher needs to specify how data can be collected in relation to the concepts that make up the hypothesis.

This research is mainly of descriptive research nature in order to report what perceptions consumers have of CSR and the importance they derive from it. Some issues were slightly explored due to a problem that I encountered during my research: the degree of information that consumers already have of CSR (e.g. several business schools already lecture CSR related courses) so it was important to determine if there were significant differences between both groups. Also, little research has been done in terms of consumer perceptions of CSR between industries. If differences are relevant, then companies in different industries must put different CSR strategies in place.

Descriptive research designs help provide answer questions of *who* (consumers), *what* (perceptions of CSR), *when* (at the current moment), *where* (Portugal), and *how* (self-completion questionnaire) associated with a particular research problem; a descriptive study cannot conclusively ascertain answers to *why*. Descriptive research is used to obtain information concerning the current status of the phenomena and to describe *what exists* with respect to variables or conditions in a situation.

#### Justification of the research method

There is limited amount of available data regarding this topic in Portugal, but there is already some reasonable amount of academic studies internationally. It's reasonable to consider that for some questions a qualitative approach is more appropriate, whereas for other questions a quantitative approach is best. Given the nature of the research questions, mainly from former studies, the approach most suitable was of quantitative nature. Sanders et al. (2003) believe that the deductive approach is the most appropriate when dealing with "a topic on which there is a wealth of literature from which you can define a theoretical framework" (2003: 90), which is certainly the case for CSR.



According to Bryman and Bell (2011), the most prominent criteria for the evaluation of business and management research are reliability, replication, and validity.

Reliability is concerned with the question of whether the results of the study are repeatable. In order for replication to take place, a study must be capable of replication – it must be replicable. The researcher has to be able to spell out the procedures of the research in great detail to enable its replication. Similarly, in order for us to assess the reliability of a measure of a concept, the procedures that constitute that measure must be replicable by someone else. I have pursued this objective by detailing the various steps that have led this research from theory, to hypotheses, through analysis and discussion. With this I expect to facilitate future replication.

A descriptive design entails the collection of data on more than one case and at a single point of time in order to collect a body of quantitative or quantifiable data in connection with several independent variables, which then are examined to describe social phenomenon.

The issues of reliability and measurement validity are primarily matters relating to the quality of the measure employed to tap the concepts in which the researcher is interested. Replicability is likely to be present in most descriptive research to the degree that the research spells out the procedures: selecting respondents; designing measures of concepts; administration of research instruments (such as self-completion questionnaires); and the analysis of data.

Validity is concerned with the integrity of the conclusions that are generated from a piece of research. Internal validity is typically strong. Descriptive research designs produce findings rather than associations (such as cross-sectional) from which inferences can be unambiguously made. External validity is strong when the sample from which data are collected has been randomly selected, which isn't the case due to reasons that are explained.

Internal consistency of the main model here presented (Carrolls' pyramid model, with its 16 statements and four dimensions) was obtained from the sample. I ran a reliability statistics to determine the Cronbach's alpa, which returned 0,794.

This indicates a high level of internal consistency for the scale of this specific sample. This test provides an overall reliability coefficient for the set of 16 statements.

### **3.3.2 Sampling method**

Bryman and Bell (2011: 173) state “the survey researcher needs to decide what kind of population is suited to the investigation of the topic and also needs to formulate a research instrument and how it should be administered”.

A sample is a finite part of a statistical population whose properties are studied to gain information about the whole (Webster, 1975). When dealing with people, it can be defined as a set of respondents (people) selected from a larger population for the purpose of a survey.

A population is a group of individual persons, objects, or items from which samples are taken for measurement. Sampling is the act, process, or technique of selecting a suitable sample, or a representative part of a population for the purpose of determining parameters or characteristics of the whole population. To draw conclusions about populations from samples, we must use inferential statistics which enables us to determine a population's characteristics by directly observing only a portion (or sample) of the population.

The need to sample is pre-requisite that is encountered in quantitative research. Nevertheless, determining the sample size is not straightforward activity. According to Delice (2010) the researcher should decide on the appropriate sample size while taking into consideration several elements, such as: “the research topic, population, aim of the research, analysis techniques, sample size in similar research, the number of the subgroups in the sample, population variability and research design”.

A probability sampling scheme is one in which every unit in the population has a chance (greater than zero) of being selected in the sample, and this probability can be accurately determined.

This involves any sampling method where some elements of population have no chance of selection (these are sometimes referred to as “out of coverage”), or where the probability of selection can't be accurately determined. It involves the selection of

elements based on assumptions regarding the population of interest, which forms the criteria for selection. Hence, because the selection of elements is non-random, nonprobability sampling doesn't allow the estimation of sampling errors.

One of Bryman and Bell's (2011) concerns is decisions by the researcher that might be influenced by personal judgements, by prospective respondents' availability or by his implicit criteria for inclusion. In the language of *sampling*, the sample might be biased. Although the type of sampling used is a non-probability or non-random sampling method as you will see in a short moment, the sampling frame is adequate given the confidence level of 95% and the non-response rate was very low – 116 questionnaires delivered from which 104 were answered, although only 96 were considered acceptable. The objective of reducing sampling bias was to ensure that the degree by which the findings represent the population can be more significant.

#### The sample – From who will data be collected from?

Taking into consideration that young people tend to be better informed, and manifest their interest with social issues (especially environmental), and represent a significant part of the market, understanding the factors that can influence their purchase decisions and their social responsibility attitude are important.

Recent studies have focused on young generations, due to the fact that they are the most qualified generation, having at their disposal infinite sources of information. Moreover, they represent the future so it seems reasonable to conclude that in order to determine the current state of CSR perceptions, young people must be the focus.

The segment of youngsters is the generation that assumes the most relevance. In time, either by their dimension or their strength and capacity to impose tendencies, they reveal themselves as the most adequate segment of the population says Santos and Neves (2008).

McDougle et al. (2011) believe that environmental issues are particularly salient for today's generation of young adults. Bryman and Bell(2011) identified several other studies where university students were used to collect data, among them Hall et al. (1998) did a study on leadership perceptions and Lucas (1997) undertook one

regarding kinds of part-time employment among students. Other studies with students as sample analysed differences in attitudes towards business ethics as Singh et al. (2008) identified, which mentioned the studies of Grunhaum (1997) and Lysonski and Gaidis (1991). Similar study was presented in the “XV Congreso Nacional de Ética de la Economía y de las Organizaciones” in Barcelona (IESE Business School, 2007) that involved a sample of students from economic science courses. Bigné et al. (2005) did a cross-cultural analysis (Argentina, Chile, Spain and Portugal) regarding CSR perceptions of young college students.

In first instance, it's necessary to define the population of the research from which the study intends to do generalizations. There, the population bases of this study are Portuguese college students, from both sexes, that are currently enrolled.

If we consider that the number of college students in 2012 was 390.273, it can indicate the importance of this segment in the Portuguese population (nearly 4%). It seems acceptable that these college youngsters (390.273 in 2012<sup>1</sup>) have an important purchasing power, and in the future can reflect their ethical attitudes in their daily behaviour and purchasing, especially after they enter the labour market. Given this population, with a confidence level of 95% and a confidence interval of 10%, the sample size that is needed for the current research is 96 students.

Given the impossibility to inquire the whole college student population, it's essential to choose a sampling size and sampling method. Bryman and Bell (2011) state that “the decision about sample size is not a straightforward one: it depends on a number of considerations, and there is no one definite answer”.

Data was collected from students enrolled in any college course as was done by Jorge et al. (2007) and Park et al. (2014). Arli and Lasmono (2010) also did a study regarding CSR with undergraduate students. Ahmed et al. (2003) also performed a study with undergraduate students due to their general notion of social responsibility topics, even when they don't have ethic courses in the undergraduate curriculum.

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<sup>1</sup> <http://www.pordata.pt/Portugal/Quadro+Resumo/Portugal-4329>

Sen et al. (2006) demonstrated the importance of university undergraduates (business and engineering) from company's stakeholder point of view. This target population is viewed not only as essential consumers but also as prospective employees and investors. Thus, anticipating their acknowledgments and awareness of CSR can be of great value for strategic purposes. Such sensitivity to CSR issues is probably higher than that in older segments of the population.

The importance of CSR education has been unstable and Lockett et al. (2006) argue that there has been a decline in CSR graduate courses. They continue to claim that the demand for CSR education has mostly been driven by corporate scandals that have pressured education officials to include them in the courses curriculum. .

One of the major considerations of sampling size I had was related to time and money. Given the lack of time due to my employment situation as a worker and given the lack of resources it seemed natural that a non-random sampling method would be most appropriate. Probability sampling requires a lot of preparation, so it was avoided because of its difficulty and costs involved.

Bryman and Bell (2011) say that it is relatively common for business researchers to make use of the opportunities they have to draw a sample from their own organization when carrying out research, in this case university students. Although that fact, I was able to gather data from respondents from different institutions. This enabled more heterogeneity of the sample, another of Bryman's concerns regarding the choice of sampling methods.

The use of convenience samples reflects the reasons presented previously. This method is a type of non-probability sampling, which involves the sample being drawn from that part of the population, which is close to hand. A convenience sample is one that is simply available to the researcher by virtue of its accessibility says Bryman and Bell (2011). That is, readily available and convenient.

Even though this type of method has its limitations, Bryman and Bell (2011) recognize its prominent role, especially in the field of business and management. Moreover, it's common for these samples to be more prominent than samples based on probability sampling.

### **3.3.3 Instrument – How will data be collected?**

A research method is simply a technique for collecting data. It can involve a specific instrument, such as a self-completion questionnaire or a structured interview schedule, or participant observation whereby the researcher observes or listens to others. For several reasons that will be explained hereafter, the most adequate instrument for the purpose of this research was determined to be the self-completion questionnaire.

The design of the questionnaire had two main preoccupations: how to collect data and language constraints. The questionnaire was first developed in English (Annex A) and later on translated to Portuguese (Annex B). The questionnaire's content validity was confirmed by two academics and a business professional. The original version and the translation were then analysed by two bilingual professionals (one professional from a renowned language school and another business professional with CSR responsibilities). The analysis led to some alterations and subsequently the questionnaire was approved. Any Portuguese text that respondents answered was back translated to English.

Data was collected from two key sources: online questionnaires and visit to a business school in Lisbon area.

- Online questionnaires (English version only) were sent through institutional emails and social media channels. Students were provided a link to the Web survey.
- Printed questionnaires (English and Portuguese version) were distributed in classrooms in a business school. Preferably English version questionnaire was distributed, only if respondents asked for a Portuguese version were they swapped. Neither explanations nor extra information were provided besides the ones that were written in the questionnaire. The objective was to maintain homogeneity in terms of information between online and classroom respondents.

Business students were targeted and given the link to the online questionnaire or in the case of the visit were handed out. The aim here is to focus on students who were enrolled in business/economic courses. The selection of this sample was based on

the assumption that these consumers would be more aware of CSR than the general population, due to the fact that nowadays Sustainability, Ethics and CSR issues are general subjects in business/economic courses.

Questionnaire was created with specific sections based on the study developed by Sen et al. (2006). Respondents completed the online questionnaire over a number of sections, separated as Web-pages. The instrument was programmed so that after finishing a page, respondents could not return to the previous pages. At the same time, respondents could not progress to a new page until they had responded to every question on a given page.

Classroom questionnaires were also distributed using the same logic. Each sheet (or sheets) had one section. Only after one section was completed, it was collected and then the next hand out. The questionnaire was designed to be completed without external guidance from the distributor.

#### Operationalization of research objectives through the questionnaire

Respondents first provided their general awareness of CSR and the degree of responsibility they expect from business. Afterwards they were asked to choose among several activities what they perceive as socially responsible. Then, participants evaluated a group of statements to determine their level of support of CSR through purchase intent.

The second part of the questionnaire attempted to determine consumers' evaluation of CSR. One single question included a battery of 16 statements based on Carroll's pyramid of CSR, and its four components of responsibility. Four statements for each of Carroll's components (economic, legal, ethical and philanthropic) evaluated consumers' perception of what businesses should do. This part of the research relied heavily on the one developed by Maignan (2001) but also by several other studies (Ramasamy and Yeung, 2008; Arli and Lasmono, 2012).

The scale measure for both of the previous parts of the questionnaire was held constant and similar to some of the studies mentioned. The scale measure is 1 = strongly disagree to 5 = strongly agree.

The third part of the questionnaire involved consumer awareness of CSR in different industries. First, consumers rated the importance of companies addressing CSR issues, as well as the performance of companies in six different industries in addressing them. The research covered a variety of industries – electric power, financial services, food and beverage, petroleum, pharmaceuticals, and retailing. The scale used was a 5-point Likert scale, for the first question the measure was 1 = not at all important to 5 = extremely important, while the performance was determined by 1 = poor to 5 = excellent. Then, participants were asked to complete a brief rank-order statement question for two different industries – financial services and electric power.

The last part of the survey gathers information about the respondents through basic demographic questions. These questions covered information such as gender, age, level of university education, the students' faculty and the prior knowledge of CSR through course enrolment of areas related to CSR, Business Ethics or Sustainability.

#### **3.3.4 Data processing**

The processing of the data was done using the statistical program SPSS and tables were constructed using Excel. The analysis will mainly use descriptive statistics, but also a factor analysis to analyse the different types of value consumers derive from CSR.



## **Chapter 4 – Research Results and Discussion**

### **4.1 Introduction**

In the next chapter the findings of this research will be examined and analysed. First, a description of the respondents who were part of the research sample are described in detail. The characteristics of the sample in terms of age, gender, education levels, and city where they are enrolled is described.

### **4.2 Description of the respondents**

The descriptive phase of research mentions several steps for screening data before initiating analysis of findings (Pallant, 2010). This method was used since it seems popular in theses that were consulted during the development of this study. Pallant suggested two steps involving “checking for errors” and “finding and correcting errors in the data file”.

During the collection of data, I was able to retrieve 104 answered questionnaires. As Pallant (2010) suggested a full screening to the data was performed as questionnaires were answered. With this I was able to eliminate eight questionnaires. Two questionnaires were eliminated due to incomplete questionnaires (in the written form), two were eliminated for age errors (age was incorrectly inserted) and four due to misinterpretation of the question regarding ranking of CSR activities. This led to CSR activities ranked in the same level.

The sample of the present study consists of 96 people, all of which are Portuguese consumers. Of these 96 people, 52 are women (54,2%) and 44 are men (45,8%). The percentage is similar to the proportion that has been extracted from Pordata. In 2012, of the 390.273 students, 208.758 were female and 181.515 were male, which represent 53,5% and 46,5% respectively.

The youngest person to participate in this research was 19, whereas the oldest one was 35. The average age of the sample is 23,4 years. It was decided that age grouping wouldn't be performed, as the groups would be better off represented by the education level. About 56% of respondents are 22 or younger and all ages from 19 to 35 are represented except 33, as one can see in the table below.

Age	Frequency	Percent	Cumulative Percent
19	21	21,9%	21,9%
20	9	9,4%	31,3%
21	13	13,5%	44,8%
22	11	11,5%	56,3%
23	9	9,4%	65,6%
24	5	5,2%	70,8%
25	7	7,3%	78,1%
26	1	1,0%	79,2%
27	2	2,1%	81,3%
28	3	3,1%	84,4%
29	1	1,0%	85,4%
30	1	1,0%	86,5%
31	3	3,1%	89,6%
32	6	6,3%	95,8%
33	0	0,0%	95,8%
34	2	2,1%	97,9%
35	2	2,1%	100,0%
<b>TOTAL</b>	96	100,0%	

Table 1: frequency table of the different ages in the sample

The main characteristic of all respondents of the questionnaire is that they are all enrolled in an undergraduate or graduate course. This is an essential requirement for the purpose of research analysis as is the fact that they must be living in Portugal, due to the fact that the theme of research involve Portuguese consumers.

The sample involves people with a diversity of different educational backgrounds. The sample is divided in four groups depending on the educational level that the respondent is enrolled in. The largest group of people is Bachelor's degree with 63 respondents, which is 65,6% of total respondents. Post-graduate and Master students

Educational level	Frequency	Percent	Percent (National)
<b>Bachelor's degree</b>	63	65,6%	65,8%
<b>Post-graduate degree</b>	5	5,2%	30,5%
<b>Master's degree</b>	26	27,1%	
<b>Doctoral degree</b>	2	2,1%	3,7%
<b>TOTAL</b>	96	100%	100%

Table 2: frequency table of the different ages in the sample

represent 32,3% of the sample, 5,2% and 27,1% respectively. Finally, only two respondents that are enrolled in a Doctoral degree, which represent 2,1%. The table below summarizes the information regarding the educational level of the sample.

The sample's proportion in terms of educational background is very similar to the national's proportion. Pordata<sup>2</sup> provides the number of enrolled students in Portugal for each of the relevant educational level, and the percentages are comparable, as one can see on the table above (comparison of the third and last column).

At the end of the questionnaire, respondents were asked if they had been enrolled in any course related to CSR subjects during their academic degree. The purpose is to assess the actual level of knowledge of CSR of the sample. Out of 96 respondents, 27 answered "Yes" (28,1%) and the remaining 69 said "No" (71,9%) – see Annex C (CSR knowledge tables). Also interesting, and will later on be discussed, is to infer on the number of respondents that believe they understand the meaning of CSR and analyze if it is important for respondents to have previously attended CSR courses.

Studies have indicated that educational interest in CSR has increased (European Association for International Education, 2013) over the years, which has led educational institutions to provide CSR subjects in their courses, especially in the business area. Although initially the questionnaire did not intend to relate CSR courses to the area of undergraduate/ graduate of respondents, we can reveal from the findings that of the 27 respondents that had been enrolled in a CSR course, at least 22 are enrolled in business related educational institution (81,5%).

### **4.3 Research results analysis and discussion**

#### **4.3.1 Research objective 1**

**H1:** Consumers in Portugal believe that corporations should be responsible for improving social impacts.

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<sup>2</sup><http://www.pordata.pt/Municipios/Alunos+matriculados+no+ensino+superior+total+e+por+nivel+de+formacao-310>

The objective of this hypothesis is to understand if Portuguese consumers have a tendency to demand or expect companies to act in a social responsible manner. “From the consumers’ perspective, do corporations have a responsibility to society?” is divided in three separate statements in the questionnaire, in which respondents had to evaluate with a 5-Likert scale. Statements were measured in a scale of 1 = “Strongly Disagree” to 5 = “Strongly Agree” (see table below for statements and scale).

Statements	I believe business should have a stronger responsibility to society.		Companies should behave honestly.		I believe that businesses must make efforts to behave in socially responsible manner.	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
<b>Strongly Disagree</b>	3	3,1%	2	2,1%	2	2,1%
<b>Disagree</b>	1	1,0%	0	0,0%	2	2,1%
<b>Neither Agree nor Disagree</b>	5	5,2%	6	6,3%	0	0,0%
<b>Agree</b>	53	55,2%	20	20,8%	33	34,4%
<b>Strongly Agree</b>	34	35,4%	68	70,8%	59	61,5%
<b>TOTAL</b>	96	100%	96	100%	96	100%
<b>Mean</b>	4,19		4,58		4,51	

Table 3: frequency table of consumers’ perceptions of companies’ social responsibility towards society

From the responses we can conclude that consumers do expect for corporations to act in a socially responsible manner. Respondents gave over 90% positive answers for all three statements, with means very high.

Consumers believe that businesses should have a stronger responsibility to society, however this statement had the less positive answer in overall (mean = 4,19 in a scale of 1 to 5). Most of answers were focused on “Agree” with 55,2%. In contrast when asked to evaluate the other two statements, “Companies should behave honestly” and “I believe that businesses must make efforts to behave in socially responsible manner”, most evaluations were “Strongly Agree”, with 70,8% and 61,5% respectively.

As Branco and Rodrigues (2008), and Dias-Sardinha and Reijnders (2005) claimed Portuguese society has placed pressures in industry to perform in a socially responsible manner. These results also compare to Ipsos Mori survey as British public believed that companies should be responsible for improving their social impacts of products and services, Mohr et al. (2001) that concluded consumers expected corporations to be socially responsible and study conducted by Nielsen (2013) that determined consumers do care about ethical activities by firms. The Flashbarometer

363 (2011) also concludes that Portuguese citizens are interested (82%) in corporations' social activities.

Hence, I can conclude that hypothesis 1, which states, "Consumers in Portugal believe that corporations should be responsible for improving social impacts", is accepted.

In order to compare these results, from what is expected, with the perceptions consumers have of how companies are performing towards society, a last question was constructed: "Do you think that the overall influence of companies on society in Portugal is...". As one can see on the table below, when asked their opinion overall influence 67,7% say it is positive, while 32,3% say it is a negative influence. Also important to state that respondents answered mostly "middle" values – "somewhat negative" and "somewhat positive" –, which account for 92,7% (29,2% and 63,5%, respectively), in contrast to the "border" values ("very negative" and "very positive").

<b>Consumers' perceptions of influence of companies on society</b>		
<b>Answers</b>	<b>Frequency</b>	<b>Percent</b>
Very negative	3	3,1%
Somewhat negative	28	29,2%
<b>Total negative</b>	<b>31</b>	<b>32,3%</b>
Somewhat positive	61	63,5%
Very positive	4	4,2%
<b>Total positive</b>	<b>65</b>	<b>67,7%</b>
<b>TOTAL</b>	<b>96</b>	<b>100,0%</b>

Table 4: frequency table of consumers' perceptions of influence of companies on society

The study of the European Commission, Flash Eurobarometer 363, present proportions very similar to the responses gathered in this study. Portuguese respondents in that study also replied mostly "middle" values, around 84% (58% "somewhat positive" and 26% "somewhat negative"). The results would even be more approximated if the question did not involve a "Don't know" answer. Portuguese citizens in the Flash Eurobarometer believed that companies in general have a positive influence in society (65%), which confirms the results of the current study (with 67,7%).

Therefore, we can conclude that what is expected from consumers regarding companies' actions towards society is in general in conformity with the actual state of companies' influence, which is considered positive. What seems to be interesting is that the responses of what is expected are in general more "extreme" – consumers firmly expect for companies to behave in socially responsible manner – than the current influence of firms' in society.

**H2:** Portuguese consumers are not generally aware of the concept of CSR.

To what extent are consumers in the Portuguese market aware of CSR?

The study "Sair da Casca" (2004) concluded that Portuguese consumers are generally unaware of the concept CSR because they are unable to construct a multi-dimensional concept. In the present research, 79,2% of the respondents said that they are familiar with the concept of CSR – see Annex C (CSR knowledge tables). Of these 76 respondents, 20 had previously been enrolled in a CSR related course (26,3%).

Given these results hypothesis 2 should be rejected, since respondents have in general responded that they are familiar with CSR concept. It's seems very limited to conclude this based on a single direct question. In reality, 26,3% is a much more reliable percentage since it can be inferred that people with educational background regarding CSR subject can truly understand the concept and its multi-dimensionality more clearly. What appears to be interesting is that 7 respondents say they have had previous education in a CSR related course but are unable to express familiarity with CSR concept.

In order to understand and identify the perception of Portuguese consumers have of CSR concept nowadays, a battery of 14 statements were presented to respondents, all of which retrieved from ISO 26000 CSR core subjects (2 statements of each one of 7 subjects). I divided the analysis in three separate groups: one that includes the entire sample (96 respondents), another with respondents that had answered that were familiar with CSR concept (76 respondents), and finally an analysis to the respondents that were familiar with CSR concept and had been enrolled in a CSR related course (20 respondents) – see Annex D (table of activities perceived as being part of CSR).

Group 1 – the entire sample (96 respondents)

Four statements are clearly highlighted since they were chosen by over 70% of the respondents, which are: prevention of pollution (76%), sustainable resource use (72,9%), product donations to charity (72,9%) and non-discriminatory practice (71,9%), as one can confirm in the table below. The respondents perceive environmental and social dimensions (Community involvement and Human Rights) as part of CSR meaning.

In smaller scale but still the majority chose a statement from Labour Practices subject (Investing in a healthy and safe working environment, 59,4%) and both statements of Fair Operating Practices (Anti-corruption and Fair competition, with 58,3% and 52,1%, respectively). This may demonstrate the concerns with firm's ethics in their business operations, due to recent scandals involving corporate activities (tax evasion and corruption in financial and state-owned firms) and societal pressure for ethical behaviour.

Respondents were unable to consider the economic dimension as part of CSR concept. Profit maximization and high level of operating efficiency (Organizational Governance, ISO 26000) were not accounted by consumers, with only 2,1% and 11,5%, respectively.

CSR subject (ISO 26000)	Answers	All respondents	
		Frequency	Percent
The environment	Prevention of pollution.	73	76,0%
The environment	Sustainable resource use (energy, water, recycle, etc.).	70	72,9%
Community involvement and development	Product donations to charity (e.g. food, clothing, services, etc.).	70	72,9%
Human Rights	Non-discriminatory practices.	69	71,9%
Labour practices	Investing in a healthy and safe working environment.	57	59,4%
Fair operating practices	Anti-corruption compliance (avoidance of bribery, conflict of interests, fraud, etc.).	56	58,3%
Fair operating practices	Fair competition in the market.	50	52,1%
<b>TOTAL number of respondents</b>		96	

Table 5: frequency table of activities perceived as being part of CSR (Group 1)

Group 2 – respondents that had answered that were familiar with CSR concept (76 respondents)

There are no major differences between this group and the Group 1, as it's easily perceptible in table 6. Portuguese consumers still consider Environmental and social dimensions (Community involvement and Human Rights) as the most relevant for CSR meaning, and Organizational Governance as the least pertinent. The major difference was the increase in percentage of the statement “Create employment” which the majority of the respondents from Group 2 (50%) chose – that highlights the social dimension as a key aspect of CSR meaning.

CSR subject (ISO 26000)	Answers	CSR meaning "Yes"	
		Frequency	Percent
The environment	Prevention of pollution.	69	90,8%
The environment	Sustainable resource use (energy, water, recycle, etc.).	66	86,8%
Community involvement and development	Product donations to charity (e.g. food, clothing, services, etc.).	62	81,6%
Human Rights	Non-discriminatory practices.	57	75,0%
Labour practices	Investing in a healthy and safe working environment.	54	71,1%
Fair operating practices	Anti-corruption compliance (avoidance of bribery, conflict of interests, fraud, etc.).	44	57,9%
Fair operating practices	Fair competition in the market.	39	51,3%
Community involvement and development	Create employment.	38	50,0%
<b>TOTAL number of respondents</b>		20	

Table 6: frequency table of activities perceived as being part of CSR (Group 2)

Group 3 – respondents that were familiar with CSR concept and had been enrolled in a CSR related course (20 respondents) – see table 7

Consumers from this group also consider the Environmental and Social dimensions to be the most pertinent for the concept of CSR. In terms of Fair operating practices, these respondents understand that fair competition is not part of CSR meaning (only 45% still perceive it as part of CSR). There is an increase in the degree of importance given to employment creation (55%) and to the investment in relationships with and between employees (50%). Four statements were not chosen by any of the



respondents, both statements of Organizational Governance subject, treating consumers well and Investing in healthy and safe working environment, which previously had been in the top rank in the previous groups.

In conclusion, respondents believe that CSR has greater responsibility to activities that involve environmental and social issues. Economic dimension is perceived as practically not having any relation to CSR meaning, even for respondents with educational background in CSR or related. Findings are similar to “Sair da Casca” study since consumers were not able to grasp the integrative concept of CSR, which includes several dimensions. In this sense, we cannot reject hypothesis H2, since consumers are not aware of the concept of CSR.

CSR subject (ISO 26000)	Answers	CSR meaning "Yes" and CSR related course "Yes"	
		Frequency	Percent
The environment	Prevention of pollution.	19	95,0%
Community involvement and development	Product donations to charity (e.g. food, clothing, services, etc.).	18	90,0%
The environment	Sustainable resource use (energy, water, recycle, etc.).	16	80,0%
Human Rights	Non-discriminatory practices.	14	70,0%
Community involvement and development	Create employment.	11	55,0%
Fair operating practices	Anti-corruption compliance (avoidance of bribery, conflict of interests, fraud, etc.).	11	55,0%
Labour practices	Investing in relationships with and between employees (e.g. team-building, group promoting activities).	10	50,0%

Table 7: frequency table of activities perceived as being part of CSR (Group 3)

### 4.3.2 Research objective 2

**H3:** Portuguese consumers are supportive of socially responsible businesses when shopping.

What is the importance that consumers attach to CSR?

Consumer support of responsible businesses in Portugal were measured based on a five-statement instrument shown in Annex E. Each statement provides a 5-point scale from 1 representing “Strongly disagree” to 5 representing “Strongly agree”. The averaged scales of the five items are used to evaluate consumer support of responsible

business (Ramasamy and Yeung, 2009). The means and standard deviations of these average scales are 3,81 and 0,79, respectively, as you can see on the table below.

Consumer support for socially responsible businesses	
<b>TOTAL</b>	96
<b>Mean</b>	3,81
<b>Standard Deviation</b>	0,79

Table 8: mean and standard deviation table of consumer support for socially responsible businesses

Do Portuguese consumers support CSR? The results of this research lead to an affirmative answer to this question. The mean response of over 3 (out of 5) is an indicator that CSR is important for Portuguese consumers, so hypothesis 3 (H3) is accepted.

In chapter 3 I explained that Soares et al. (2007) used Hofstede's 1984 scores to determine that Portugal has a communitarian culture, which means that consumers are likely to incorporate the social responsible dimension in their shopping decision (Maignan, 2001). Maignan studied German and French consumers, who also share a collectivistic culture. Therefore, we can compare these findings to the results the present research has reached.

First I adjusted the means of Maignan's (2001) findings and obtained 3,54, 3,71 and 3,14, for France, Germany and United States, respectively (see table below). The means had to be adjusted to a 5-Likert Scale as the original study used a 7-Likert Scale. If I compare the mean of answers from Portuguese consumers to the results of the Maignan study I can conclude that Portuguese consumers support socially responsible businesses, since the mean is higher ( $3,81 > 3,71$ ). Hence, the results support the hypothesis.

Consumer support for socially responsible businesses (Maignan, 2001)		
Country	7-Likert Scale mean	5-Likert scale mean (adjusted)
		7
<b>France</b>	4,95	<b>3,54</b>
<b>Germany</b>	5,19	<b>3,71</b>
<b>United States</b>	4,4	<b>3,14</b>

Table 9: Consumer support for socially responsible businesses (Maignan, 2001) – adjusted

This conclusion is aligned with the results of the study “Sair da Casca” (2004). Although, consumers are more willing to punish companies for bad behaviour than compensate for good practices, it was proven that consumers do reward socially responsible firms with positive behaviour (purchasing behaviour and word-of-mouth).

### 4.3.3 Research objective 3

**H4:** Portuguese consumers will allocate less importance to corporate economic responsibilities than to corporate (a) legal, (b) ethical and (c) philanthropic responsibilities.

**H5:** Portuguese consumers will rank the legal, ethical, and philanthropic corporate responsibilities in the following decreasing order: (1) legal, (2) ethical, and (3) philanthropic.

What CSR attributes do participants perceive as most important for organizations to engage in?

Hypothesis 4 and 5 were tested using a series of calculations of means based on the four dimensions of CSR earlier explained, which are ECO (economic), LEG (legal), ETH (ethical) and PHI (philanthropic). The results (see table 10) show that ethical responsibility has the highest overall mean (4,19), followed by legal responsibilities (4,09), philanthropic responsibilities (4,01) and economic responsibilities (3,89). These results show support to hypothesis 4 since consumers placed economic responsibilities as the least important among all four dimensions. However, the results do not show support for hypothesis 5 since consumers have ranked ethical responsibilities as the most important CSR dimension.

Carrolls Four dimensions of CSR	
Dimensions	Average
Economic	3,89
Legal	4,09
Ethical	4,19
Philanthropic	4,01

Table 10: Average evaluations of Carroll's 16 CSR statements of four dimensions

As was explained in chapter 3, Portuguese society is classified as a collectivistic culture (Hofstede's score), similar to French and German. Hence, we are able to do comparisons in terms of social expectations, as in this case. The findings that support hypothesis 4 are accordingly to Maignan's study (2001: 61), which determined that "French and German consumers may not view economic achievements as the primary social duty of businesses". Consumers might expect that the economic resources of businesses should be used in other areas of the society, such as fostering the well-being of society in general.

Detailed results of consumers' evaluation of the 16 CSR activities are shown in Annex F. Although economic responsibilities dimension was ranked as the least important, the economic responsibility statement

A third hypothesis (that consumers distinguish between the four CSR dimensions) was removed from this study since I calculated through SPSS the KMO measure of sampling adequacy and the result indicated that the variables weren't sufficiently correlated since it was below 0,6 (Hair et al., 1998) – determined a value of 0,471 (see table 11). I still ran a principle component factor analysis using varimax rotation on the 16 statements. The results showed that respondents were unable to regroup corporate social responsibilities according to the four dimensions since factor loadings weren't significant.

KMO and Bartlett's Test	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	,471
Bartlett's Test of Sphericity	Approx. Chi-Square
	1054,482
	df
	120
	Sig.
	,000

Table 11 – KMO measure of sampling adequacy

This helps confirm the assumption from research objective 1, which determined that Portuguese consumers are not aware of the full concept of CSR, in terms of several dimensions.

#### **4.3.4 Research objective 4**

**H6a:** The consumers' perspective of the performance in addressing CSR issues of companies in the Financial Services (1) and Petroleum Industry (2) is in average negative.

**H6b:** The consumers' perspective of the performance in addressing CSR issues of companies in the Food and Beverage (1), Pharmaceutical (2) and Retail (3) is in average positive.

**(4.1)** How important is it for companies in different industries to address CSR issues and how are they performing?

First, we should understand if there are major differences of the importance consumers believe firms should have of CSR concerns between industries. By comparing the means of consumers' evaluation (see table 12), the Pharmaceutical industry appears to be connoted as the industry that should have higher standards of CSR practices. The average evaluation was 4,36 from 1 to 5 with 53,1% of consumers (51 respondents) evaluating this industry with "Extremely important". On the other hand, Financial Services is deemed as the sector in which firms have the least perceived level of importance attached to CSR subjects. The mean is 3,53 with 37,5% of respondents choosing a middle value ("Somewhat important"), and contrary to the Pharmaceutical industry that had no "negative" answer (also Electrical Power), the Financial Services had 12,5% of respondents considering "negatively" CSR importance for firms for the sector.

By ordering the sectors by the degree of importance consumers attach to CSR in different business sectors using the means of the evaluations, starting with the highest, we have: Pharmaceuticals (4,36), Petroleum (4,28), Electrical Power (4,18), Food and Beverage (4,16), Retailing (3,6) and Financial Services (3,53).

How important is it for companies in the following industries to address CSR issues?												
Industry	Petroleum		Food and Beverage		Retailing		Pharmaceuticals		Electrical Power		Financial Services	
Answers	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
Not at all important (1)	3	3,1%	4	4,2%	0	0,0%	0	0,0%	0	0,0%	4	4,2%
Not very important (2)	4	4,2%	0	0,0%	4	4,2%	0	0,0%	0	0,0%	8	8,3%
Somewhat important (3)	11	11,5%	19	19,8%	39	40,6%	16	16,7%	23	24,0%	36	37,5%
Very important (4)	23	24,0%	27	28,1%	44	45,8%	29	30,2%	33	34,4%	29	30,2%
Extremely important (5)	55	57,3%	46	47,9%	9	9,4%	51	53,1%	40	41,7%	19	19,8%
TOTAL	96	1	96	1	96	1	96	1	96	1	96	1
Mean	4,28		4,16		3,6		4,36		4,18		3,53	
Standard Deviation	1,03		1,01		0,71		0,75		0,79		1,03	

Table 12 – frequency table of consumers' evaluation of cross-industry importance for CSR concerns

The main issue to retain is that consumers don't attach the same degree of importance to CSR across different industries. Bonini et al. (2007) concluded that consumers' expectations vary significantly depending on the industry involved. They continue by stating "companies should build a deeper and more nuanced understanding of what consumers think about and expect from them so that they can tailor their approaches accordingly". In this sense the current research will analyse further in this chapter consumers' expectations regarding CSR activities. Equally, important is that consumers believe that all the researched industries have an obligation to address CSR issues. This conclusion is similar to the findings in Bonini et al. study that determined that consumers in average evaluate positively the importance of companies addressing CSR.

The findings regarding the perceptions consumers have of CSR performance across different industries indicate that Food and Beverage (3,14), Electrical Power (average evaluation of 2,86), Pharmaceuticals (2,75), Retailing (2,72), are the sectors with positive feedback. I used a scale of 1 through 5, in which 1 means a "Poor" performance and 5 means "Excellent" performance. Therefore, an average of over 2,5 is interpreted as positive feedback (in this case, positive performance) and below 2,5 a negative feedback (negative performance).

The remaining industries all have negative feedback from consumers, in the following decreasing order: Financial Services (2,24) and Petroleum (2,19) – see table 13.

These results lead me to not reject hypotheses H6a1 and H6a2, which indicate that consumers' perspective of the performance in addressing CSR issues of companies in the Financial Services and Petroleum industry is in average negative. The average of

consumers' evaluation is negative, which confirms the Flash Eurobarometer (2013) findings that indicated that companies in these two sectors did not make efforts to behave responsibly towards society.

Findings also suggest not to reject hypothesis H6b2, as the evaluation for the Pharmaceutical industry given by consumers is positive, which compares to similar findings in the Flash Eurobarometer. The remaining hypotheses, H6b1 (Food and Beverage) and H6b3 (Retail) are also not rejected since the average of consumers' perceptions was found to be positive. There was no available data on Electric Power industry, even though the average evaluation was also considered to be positive.

We should keep two main issues in mind when trying to conclude on these findings. First, the level of CSR knowledge respondents have in order to evaluate importance and performance of CSR. As was discussed earlier, 71,9% of respondents said they weren't familiar with CSR concept. This was already expected due to indication from analysis of data from literature review.

The study "Sair da Casca" indicated that Portuguese consumers weren't able to grasp the multi-dimensional conception of CSR but they did have an understanding of CSR activities and isolated dimensions, such as philanthropic, environmental and social subjects. The degree of reliability of these findings rely on the notion that consumers have on socially responsible activity and I found it important to have a brief description of the CSR definition (European Commission, 2011) that is the basis of the present research.

The second issue is that the hypothesis are based on findings from the Flash Eurobarometer, that investigated the belief consumers have of efforts to behave socially responsible towards society across different business sectors through a yes-or-no scale. This will lead to a less disperse appreciation of perspectives. Also, the question in the present research is different, although not significantly different.

Even though these issues, conclusions regarding the low evaluation consumers have of firm's CSR performance is an indication that should be further studied in Portugal. The study of Fernandes et al. (2012) concluded that the social performance of Portuguese companies was mostly motivated with complying to regulations and

achieving certifications. Furthermore, CSR behaviour is encouraged in order to improve corporate reputation. Consumers can perceive these less “ethical” motives for CSR activities pursued by firms’ and eventually harm corporate image.

How well do you believe that companies in the following industry perform in addressing CSR issues?												
Industry	Petroleum		Food and Beverage		Retailing		Pharmaceuticals		Electrical Power		Financial Services	
Answers	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
Poor (1)	31	32,3%	7	7,3%	4	4,2%	11	11,5%	12	12,5%	22	22,9%
Below Average (2)	29	30,2%	9	9,4%	27	28,1%	25	26,0%	13	13,5%	36	37,5%
Average (3)	23	24,0%	48	50,0%	57	59,4%	37	38,5%	47	49,0%	31	32,3%
Above Average (4)	13	13,5%	28	29,2%	8	8,3%	23	24,0%	24	25,0%	7	7,3%
Excellent (5)	0	0,0%	4	4,2%	0	0,0%	0	0,0%	0	0,0%	0	0,0%
TOTAL	96	100%	96	100%	96	100%	96	100%	96	100%	96	100%
Mean	2,19		3,14		2,72		2,75		2,86		2,24	
Standard Deviation	1,03		0,91		0,67		0,95		0,93		0,89	

Table 13 – frequency table of consumers’ evaluation of cross-industry performance in addressing CSR issues

**H8:** Consumers rank CSR activities differently depending on the industry involved.

**(4.2)** Does the ranking of different CSR activities alter in organizations of different industries?

Comparison will be based on the ranking order of the CSR activities respondents were asked to order. Participants were asked to rank the six statements (each one for a different type of CSR activity) in the order they deemed as most important. The order is built on the average of the ranking system, which assigns a value of 6 for activities ranked in first (1<sup>st</sup> – most important) and 1 for activities ranked in sixth (6<sup>th</sup> – least important). The study by O’Connor and Meister (2008) developed this ranking order evaluation of CSR activities. Overall results can be seen in Annex G.

Financial Services

The statement “I think a corporation should be honest” was selected as the most important activity a corporation can have by firms in the Financial Services sector (average of 4,73). Respondents ranked this activity as the most important 44 times (45,8%). Next, participants selected “Produces quality products and services” as the second most important activity (mean of 4,13), followed very nearly with the statement “Treat employees fairly” with 4,08 in average. The remaining activities were ranked in the following decreasing order: “Conduct business in an



environmentally friendly manner" (3,19), "Give back to the community through philanthropic activities" (2,46) and "Make a profit" (2,42).

#### Electric Power Industry

For the Electric Power industry, participants selected corporate honesty as the most valuable activity with an average of 4,56. Respondents ranked this activity as the most important 30 times (31,3%) but 24% ranked it only 4<sup>th</sup> most important activity. After, respondents selected environmental concerns (4,31), which is not particularly to distant from corporate honesty statement. Environmental concerns were selected 25% as the most important activity and 28,1% as second most important.

The outstanding activities were ranked with "Treat employees fairly" (3,7) as the third most valuable. Next, the quality of products and services (3,65) was considered, with a very scattered evaluation, and more distant from the other subjects, philanthropic activities (2,43) and "Make a profit" (2,35).

If we compare the ranking order of consumers of the two previous industries we can conclude that hypothesis 8 cannot be rejected on the basis of these findings. Although the Corporate honesty is considered the most important activity in both industries and "Make a profit" the least important, there is variability among the remaining activities. Similar results were achieved by O'Connor and Meister (2008), which indicated that public value corporate honesty above all, as well as profit achieving the least important. These results can also be compared to the findings presented in research objective 3, in which ethical responsibilities were ranked as the most important and economic responsibilities as the least valued.

Even the two mentioned activities have differences in terms of results. For the corporate honesty subject, respondents for the Financial Services selected mainly the top two ranks (66,6%) and for the Electric Power only 54,2%, which demonstrates that for the Financial Services corporate honesty is by far more important relative to the other activities.

These findings also provide insight into how a certain type of consumers differentiates between various CSR activities. This can indicate that CSR activities is not equally

valued by different consumers. The results suggest that corporations should first enquire consumers before engaging in CSR activities in order to assess public expectations of socially responsible endeavour.

#### **4.4 Conclusion**

After the analysis of the research results for each of the research questions, I discussed the research results. Through the discussion I was able to provide an indication or evidence that supported or rejected the research hypothesis. In light of the research findings, I can conclude that companies must gain a better understanding of what consumers think about and expect regarding CSR, so that firms can tailor their strategies and activities. It seems obvious that consumers value CSR and their expectations differ depending on the industry and the activity, so corporations should pursue a more integrative approach to CSR.

In the final chapter I will provide an overview of this discussion together general assumptions regarding the research questions of the present dissertation.

## **PART III: FINAL CONCLUSIONS**

### **Chapter 5 – RECOMMENDATIONS**

#### **5.1 Contribution to science and business**

The present research investigated consumers' evaluation of importance of different CSR activities. It seems to be the first step towards the understanding of which CSR initiatives are deemed as most valuable and with this generate more proceeds or better reputation. It has been shown that consumers' expectations can change depending on the type of business of firms.

Furthermore, consumer perception of corporate social responsibility is very variable, as I have shown in this dissertation. Corporations need to be clearly aware of this fact in order to assess their expectations and adapt their strategies to suit the needs of consumers and society at large. The idea of a "one-strategy-fits-all" or the concept of isolated initiatives has to be abandoned if corporations want to grasp the multi-dimensional perspective of CSR, and be able to benefit efficiently from CSR endeavour.

Additionally, it seems that the youngest generation in Portuguese society has low levels of CSR awareness, as was also concluded in the study "Sair da Casca" (2004). Although the limitations in terms of sample size that could be used to generalize these findings, it shouldn't be denied the lack of progression in this field in the Portuguese society. Corporations should tackle this low level of awareness as it is in their interest to inform the consumer clearly and gain a better reputation.

Despite the many limitations, this dissertation establishes an important contribution to help understand consumers' perceptions and expectations regarding CSR. The research indicates that consumers' do value differently CSR initiatives and companies should investigate more thoroughly consumers' view in order to achieve greater goodwill from their initiatives.

## 5.2 Limitations and future research

I have presented several limitations throughout this study, especially in the chapters relative to research design and analysis and discussion of research results. The purpose was to justify the decisions that were made to develop the current study. In this section, I will summarize through an integrative approach the most pertinent limitations.

Four important limitations stand out from the current research and should be further investigated. First, consumer perception of corporate responsibility is very variable. Along with differences in expectations across industries that were indicated by my findings, there might be significant differences across demographic variables also, such as age, gender, level of education, level of income, home city/ region, among others. Demographics have been shown in several studies as a good predictor of consumers' perceptions regarding CSR, so it would be interesting to inquire into different factors that affect CSR perceptions.

Secondly, the data will not allow definitive findings to be generated, because of the problem of generalization presented by Bryman and Bell (2011), but they can provide an important catalyst for further research or allow links to be forged with existing findings regarding CSR. The study is based mostly on foreign literature and research regarding CSR. This entails many assumptions and approximate justifications. Although, the findings can serve as an indication of direction, the limitations of the validity of hypothesis with these findings have to be carefully considered. Two other limitations are crucial to be discussed: the non-probability sample and the sample size, which limits the perspective of these findings.

In the first case, the method used limits the external validity of this research and, therefore, the results cannot be generalized to the whole population. In the latter, this study suffers from small sample bias, as Maignan's study (2001), Maignan and Ferrell (2003) and Ramasamy and Yeung (2009). Although I have used a 95% confidence level, the confidence interval was high (10%), which decreases the reliability of the results. But this was due to various limitations regarding lack of resources and time. However, we should consider the importance of these findings, as it integrates a broad set of demographic differences, including level of education, age, field of study and

location – it was not limited to a small environment. Future research should consider a larger sample, preferably with a method of probability sampling.

Thirdly, literature has shown that there is a tendency for consumers' intent to differ from their actual behaviour in the market. Consumers might say they are willing to support and pay more for goods from socially responsible firms but in reality their actions might not be accordingly. Future studies might inquire on actual behaviour in the market through observation.

Finally, limitations regarding lack of respondents CSR knowledge might bias several answers to questions related directly to CSR. In the first part of the questionnaire the purpose was to determine current state of consumers' knowledge of CSR. In the last section, the objective was to inquire on the differences in evaluations of CSR dimensions and activities across industries. In order to obtain some awareness but not enough to affect their perceptions, participants were provided with a simple definition of CSR (European Commission, 2011).

The study that I have developed has focused in one type of stakeholders, consumers. Other studies can be developed with other stakeholders, which might hold valuable information and be used to compare different perceptions and expectations. Hence, companies can have a broader comprehension of CSR and contribute for a more effective approach to this field.

## **Chapter 6 – GENREAL CONCLUSIONS**

Literature has shown that little is known about the specific CSR initiatives that can be adopted by corporations in order to appeal to their customers (Maignan and Ferrell, 2003). Most initiatives are isolated and based on the assumption that consumers do actively support socially responsible enterprises. However, evidence is controversial and the lack of CSR awareness is another issue that needs to be tackled.

The current young generation is considered to be the most qualified, having at their disposal infinite sources of information. Moreover, they represent the future and have the capacity to impose tendencies so it seems reasonable to conclude that in order to determine the current state of CSR perceptions, young people must be the focus. However, the findings in this study indicate low levels of CSR awareness.

However, although CSR actions are undoubtedly important, confronting the CSR challenges of today will likely require more community-oriented solutions such as volunteerism, civic participation, CSR information disclosure and strategic CSR orientation by companies.

What seems preoccupant is that, although, consumers value CSR and can distinguish between different activities, they are not well informed. Companies must gain better understanding of consumer perceptions about CSR in order to win society's trust. Although, findings in this research indicate that respondents evaluate positively CSR performance for most enterprises in different industries (Petroleum industry and Financial Services were the only that had negative feedback), evaluations were relatively high. This is even more important given that corporate honesty was ranked the most important CSR activity, across two different industries. We can assume that the financial crisis that has led to the detection of several corporate frauds and scandals due to negligent management, corruption and unethical leaders has increased society's concern of business in general.

Thus, understanding how to motivate and sustain social, ethical and environmental volunteerism among young adults will certainly be an important issue when confronting the social and ecological challenges of today, especially because it will likely be these young people who will serve as future leaders.

## PART IV: BIBLIOGRAPHY AND ANNEXES

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**ANNEXES**

**Annex A. Questionnaire (English version)**

**CORPORATE SOCIAL  
RESPONSIBILITY (CSR)**

Please answer the following questions given your personal opinion - there are no right or wrong answers. Please do not go back to any previously answered question for the accuracy of the survey/form.

The data collected will serve as the basis of my dissertation regarding Portuguese consumers and Corporate Social Responsibility (CSR). I thank you for your collaboration.

1. Evaluate the following statements:

**Strongly Disagree (1), Disagree (2), Neither agree nor disagree (3), Agree (4),  
Strongly Agree (5)**

a) I believe business should have a stronger responsibility to society.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
b) Companies should behave honestly.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
c) I believe that businesses must make efforts to behave in socially responsible manner.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>

2. Do you think that the overall influence of companies on society in Portugal is...

<b>Very positive</b>	<input type="checkbox"/>
<b>Somewhat positive</b>	<input type="checkbox"/>
<b>Somewhat negative</b>	<input type="checkbox"/>
<b>Very negative</b>	<input type="checkbox"/>

3. Are you familiar with the concept of “corporate social responsibility”?

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>

4. Below is a list of activities. Indicate which activities do you believe are part of CSR. Choose as many as you deem related.

a) Sustainable resource use (energy, water, recycle, etc.).	<input type="checkbox"/>
b) Maximize profit.	<input type="checkbox"/>
c) High level of operating efficiency.	<input type="checkbox"/>
d) Prevention of pollution.	<input type="checkbox"/>
e) Treat customers well (e.g. provide accurate information, fair price to ask, good quality, etc.).	<input type="checkbox"/>
f) Investing in relationships with and between employees (e.g. team-building, group promoting activities).	<input type="checkbox"/>
g) Investing in a healthy and safe working environment.	<input type="checkbox"/>
h) Exploitation and child labour avoidance.	<input type="checkbox"/>
i) Non-discriminatory practices.	<input type="checkbox"/>
j) Product donations to charity (e.g. food, clothing, services, etc.).	<input type="checkbox"/>
k) Create employment.	<input type="checkbox"/>
l) Fair competition in the market.	<input type="checkbox"/>
m) Anti-corruption compliance (avoidance of bribery, conflict of interests, fraud, etc.).	<input type="checkbox"/>
n) Consumer data protection and privacy.	<input type="checkbox"/>

5. Evaluate the following statements:

**Strongly Disagree (1), Disagree (2), Neither agree nor disagree (3), Agree (4), Strongly Agree (5)**

a) I would pay more to buy products from a socially responsible company.	1	2	3	4	5
b) I consider the ethical reputation of businesses when I shop.	1	2	3	4	5
c) I avoid buying products from companies that have engaged in immoral actions.	1	2	3	4	5
d) I would pay more to buy the products of a company that shows caring for the well-being of our society.	1	2	3	4	5
e) If the price and quality of two products are the same, I would buy from the firm that has a socially responsible reputation.	1	2	3	4	5



6. Evaluate the following statements:

**Strongly Disagree (1), Disagree (2), Neither agree nor disagree (3), Agree (4), Strongly Agree (5)**

**I believe that businesses must...**

a) ... maximize profits.	1	2	3	4	5
b) ...control their production costs strictly.	1	2	3	4	5
c) ...plan for their long term success.	1	2	3	4	5
d) ...always improve economic performance.	1	2	3	4	5
e) ...ensure that their employees act within the standards defined by the law.	1	2	3	4	5
f) ...refrain from putting aside their contractual obligations.	1	2	3	4	5
g) ...refrain from bending the law even it helps improve performance.	1	2	3	4	5
h) ...always submit to the principles defined by the regulatory system.	1	2	3	4	5
i) ...permit ethical concerns even if it negatively affect economic performance.	1	2	3	4	5
j) ...ensure that the respect of ethical principles has priority over economic performance.	1	2	3	4	5
k) ...be committed to well-defined ethical principles.	1	2	3	4	5
l) ...avoid compromising ethical standards in order to achieve corporate goals.	1	2	3	4	5
m) ...help solve social problems.	1	2	3	4	5
n) ...participate in the management of public affairs.	1	2	3	4	5
o) ...allocate some of their resources to philanthropic activities.	1	2	3	4	5
p) ...play a role in our society that goes beyond the mere generation of profit.	1	2	3	4	5

The European Commission set a new definition of CSR as “the responsibility of enterprises for their impacts on society”. To fully meet their corporate social responsibility, firms should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of:

- maximising the creation of shared value for their owners/shareholders and for their other stakeholders and society at large;
- identifying, preventing and mitigating their possible adverse impacts.

Now that you have a notion of an integrative view of CSR, please answer the following questions.

7. How important is it for companies in the following industries to address CSR issues?

**Not at all important (1), not very important (2), somewhat important (3), very important (4), Extremely important (5)**

a) Petroleum	1	2	3	4	5
b) Food and Beverage	1	2	3	4	5
c) Retailing	1	2	3	4	5
d) Pharmaceuticals	1	2	3	4	5
e) Electrical Power	1	2	3	4	5
f) Financial Services	1	2	3	4	5

8. How well do you believe that companies in the following industry perform in addressing CSR issues?

**Poor (1), below average (2), average (3), above average (4), Excellent (5)**

a) Petroleum	1	2	3	4	5
b) Food and Beverage	1	2	3	4	5
c) Retailing	1	2	3	4	5
d) Pharmaceuticals	1	2	3	4	5
e) Electrical Power	1	2	3	4	5
f) Financial Services	1	2	3	4	5

9. Rank the following statements in the order you deem most important for companies in the PETROLEUM industry:

(1<sup>st</sup>) “**Most important**” ... (2<sup>nd</sup>) ... (3<sup>rd</sup>) ... (4<sup>th</sup>) ... (5<sup>th</sup>) ... (6<sup>th</sup>) “**least important**”

NOTE: Please choose only ONE rank per statement (each rank should only have one statement).

**a) FINANCIAL SERVICES**

I think a corporation should be honest.

Produces quality products and services.

Treat employees fairly.

Give back to the community through philanthropic activities.

Conduct business in an environmentally friendly manner.

Make a profit.


**b) ELECTRIC POWER INDUSTRY**

Produces quality products and services.

Make a profit.

Give back to the community through philanthropic activities.

Treat employees fairly.

Conduct business in an environmentally friendly manner.

I think a corporation should be honest.


**DEMOGRAPHIC CHARACTERISTICS**

1. What is your gender?

Male

Female

2. What is your age? \_\_\_\_\_

3. Are you currently enrolled in college?

Yes

No

4. What is the level of education that you are enrolled in?

Bachelor's degree

Post-graduate degree

Master's degree

Doctoral degree

Other: \_\_\_\_\_

5. What Faculty or Institution are you enrolled in?

\_\_\_\_\_

6. During your academic degree have you ever been enrolled in a course that is related to Corporate Social Responsibility, Sustainability, Corporate Ethics or similar?

Yes

No

Don't remember or N/A

**Annex B. Questionnaire (Portuguese version)**

**QUESTIONÁRIO SOBRE  
RESPONSABILIDADE SOCIAL**

Recolha de dados para Dissertação de Mestrado

Por favor responda às seguintes questões segundo a sua opinião – não existem respostas certas nem erradas. O objetivo passa por entender a perceção dos consumidores portugueses da responsabilidade social. Agradeço o tempo disponibilizado e o seu contributo.

**1. Avalie cada uma das seguintes afirmações:**

**Discordo totalmente = 1, Discordo = 2, Não discordo nem concordo = 3, Concordo = 4, Concordo totalmente = 5**

a) As empresas devem ter mais responsabilidade perante a sociedade.	1	2	3	4	5
b) As empresas devem comportar-se de forma honesta com os consumidores.	1	2	3	4	5
c) As empresas devem esforçar-se por comportar-se de forma socialmente responsável.	1	2	3	4	5

**2. Pensa que a influência das empresas na sociedade portuguesa é...**

Muito negativa	<input type="checkbox"/>
Algo negativa	<input type="checkbox"/>
Algo positiva	<input type="checkbox"/>
Muito positiva	<input type="checkbox"/>

**3. Está familiarizado com o conceito de responsabilidade social empresarial?**

Sim	<input type="checkbox"/>
Não	<input type="checkbox"/>

**4. A seguir apresenta-se uma lista de atividades. Indique apenas **quais** são as atividades que no seu entender **fazem parte da responsabilidade social empresarial**.**

a) Utilização sustentável dos recursos (energia, água, reciclagem, etc.)	<input type="checkbox"/>
b) Maximização dos lucros	<input type="checkbox"/>
c) Grau elevado de eficiência operacional	<input type="checkbox"/>
d) Prevenção da poluição	<input type="checkbox"/>
e) Tratar bem os consumidores (por exemplo, prestar informações verdadeiras, preços justos, boa qualidade, etc.)	<input type="checkbox"/>
f) Investimento nas relações com e entre os colaboradores da empresa (por exemplo, team-building, promoção de atividades em grupo)	<input type="checkbox"/>
g) Investimento num ambiente de trabalho seguro e saudável	<input type="checkbox"/>
h) Evitar exploração dos trabalhadores e trabalho infantil	<input type="checkbox"/>
i) Práticas não discriminatórias	<input type="checkbox"/>
j) Doações de produtos a caridade (comida, roupa, serviços, etc.)	<input type="checkbox"/>
k) Criação de emprego	<input type="checkbox"/>
l) Concorrência justa no mercado	<input type="checkbox"/>
m) Não aceitar corrupção (evitar subornos, conflito de interesses, fraude, etc.)	<input type="checkbox"/>
n) Proteção e privacidade de dados dos consumidores	<input type="checkbox"/>

**5. Avalie as seguintes afirmações:**

**Discordo totalmente = 1, Discordo = 2, Não discordo nem concordo = 3, Concordo = 4, Concordo totalmente = 5**

f) Pagaria mais por um produto de uma empresa socialmente responsável.	1	2	3	4	5
g) Levo em consideração a reputação ética das empresas quando faço compras.	1	2	3	4	5
h) Evito comprar produtos de empresas que se envolvem em atos imorais.	1	2	3	4	5
i) Somente se o preço e a qualidade de dois produtos fossem iguais, eu compraria o produto à empresa com reputação socialmente responsável.	1	2	3	4	5
j) Sinto que as minhas compras não teriam um impacto real em problemas importantes como o ambiente e o respeito pelos trabalhadores.	1	2	3	4	5

**6. Avalie as seguintes afirmações:**

**Discordo totalmente = 1, Discordo = 2, Não discordo nem concordo = 3, Concordo = 4,**

**Concordo totalmente = 5**

**Eu acredito que as empresas devem...**

q) ...maximizar os lucros.	1	2	3	4	5
r) ...controlar os seus custos de produção de modo rigoroso.	1	2	3	4	5
s) ...planear o sucesso de longo prazo.	1	2	3	4	5
t) ...melhorar a sua performance económica sempre.	1	2	3	4	5
u) ...assegurar que os seus empregados ajam dentro de padrões definidos por lei.	1	2	3	4	5
v) ...evitar colocar de lado as suas obrigações contratuais.	1	2	3	4	5
w) ...evitar desviar-se da lei mesmo que implique melhorias económicas da empresa.	1	2	3	4	5
x) ...submeter-se sempre aos princípios definidos pelo sistema regulatório.	1	2	3	4	5
y) ...autorizar preocupações éticas mesmo que afetem negativamente a performance económica.	1	2	3	4	5
z) ...assegurar que o respeito de princípios éticos tem prioridade sobre a performance económica.	1	2	3	4	5
aa) ...comprometer-se a princípios éticos bem definidos.	1	2	3	4	5
bb) ...evitar comprometer padrões éticos devido a objetivos corporativos.	1	2	3	4	5
cc) ...ajudar resolver problemas sociais.	1	2	3	4	5
dd) ...participar na gestão de assuntos públicos.	1	2	3	4	5
ee) ...alocar alguns dos seus recursos para atividades filantrópicas.	1	2	3	4	5
ff) ...ter um papel na nossa sociedade que vá além da mera criação de lucros.	1	2	3	4	5



A Comissão Europeia desenvolveu uma nova definição de RSE como “a responsabilidade que as empresas têm do seu impacto na sociedade”. Para se atender totalmente a RSE, empresas devem ter em marcha um processo que integre preocupações sociais, ambientais, éticas, direitos humanos e consumidores nas suas operações e estratégia central em colaboração com os seus *stakeholders*, com o objetivo de:

- Maximizar a criação de valor partilhado com os donos/ acionistas e para os demais *stakeholders* e a sociedade em geral;
- Identificar, prevenir e mitigar possíveis impactos adversos.

7. Avalie a **importância da responsabilidade social das empresas** que deve ser dada pelas empresas em cada uma das seguintes indústrias:

Não é nada importante = 1, Não é muito importante = 2, Algo importante = 3, Muito importante = 4, Extremamente importante = 5

g) Serviços financeiros	1	2	3	4	5
h) Retalho	1	2	3	4	5
i) Petrolíferas	1	2	3	4	5
j) Farmacêuticas	1	2	3	4	5
k) Eletricidade	1	2	3	4	5
l) Comida e Bebidas	1	2	3	4	5

8. Qual a avaliação que faz das **abordagens atuais da responsabilidade social das empresas** nas seguintes indústrias:

Fraca = 1, Abaixo da média = 2, Média = 3, Acima da média =4, Excelente = 5

a) Serviços financeiros	1	2	3	4	5
b) Retalho	1	2	3	4	5
c) Petrolíferas	1	2	3	4	5
d) Farmacêuticas	1	2	3	4	5
e) Eletricidade	1	2	3	4	5
f) Comida e Bebidas	1	2	3	4	5

9. Preencha cada um dos quadrados com o número correspondente à **ordem de importância** que deve ser dada pelas empresas de cada uma das seguintes atividades para cada uma das indústrias, sendo que:

(1º) “**Mais importante**” ... (2º) ... (3º) ... (4º) ... (5º) ... (6º) “**Menos importante**”

NOTA: Não repita o mesmo número para cada conjunto (cada indústria) e cada quadrado terá que ser preenchido com um número.

**c) INDÚSTRIA DA ELECTRICIDADE**

Uma empresa deve produzir lucros.

Uma empresa deve conduzir os seus negócios de forma amigável para o ambiente.

Uma empresa deve tratar os seus colaboradores justamente.

Uma empresa deve dar de volta às comunidades por atividades filantrópicas.

Uma empresa deve produzir bens e serviços de qualidade.

Uma empresa deve ser honesta.


**d) SERVIÇOS FINANCEIROS**

Uma empresa deve ser honesta.

Uma empresa deve produzir bens e serviços de qualidade.

Uma empresa deve tratar os seus colaboradores justamente.

Uma empresa deve dar de volta às comunidades por atividades filantrópicas.

Uma empresa deve conduzir os seus negócios de forma amigável para o ambiente.

Uma empresa deve produzir lucros.


**DADOS DEMOGRÁFICOS**

**7. Sexo**

Masculino

Feminino

**8. Idade:** \_\_\_\_\_

**9. Está atualmente a frequentar o ensino superior?**

Sim

Não

**10. Qual o grau académico que frequenta?**

Licenciatura

Pós-graduação

Mestrado

Doutoramento

Outro: \_\_\_\_\_

**11. Qual a Faculdade ou Instituição que frequenta?**

\_\_\_\_\_

**12. Durante o seu percurso académico teve alguma formação ou cadeira relacionado com Responsabilidade Social Empresarial, Sustentabilidade ou Ética Empresarial?**

Sim

Não

**Annex C. Tables concerning consumers' CSR knowledge**

CSR related course			CSR meaning		
Answer	Frequency	Percent	Answer	Frequency	Percent
<b>Yes</b>	27	28,1%	<b>Yes</b>	20	74,1%
			<b>No</b>	7	25,9%
			<b>TOTAL 1</b>	27	100,0%
<b>No</b>	69	71,9%	<b>Yes</b>	56	81,2%
			<b>No</b>	13	18,8%
			<b>TOTAL 2</b>	69	100,0%
<b>TOTAL</b>	96	100,0%		96	

CSR meaning		
Answer	Frequency	Percent
<b>Yes</b>	76	78,2%
<b>No</b>	20	20,8%
<b>TOTAL</b>	96	100,0%

“CSR related course” are the results from respondents to the question “During your academic degree have you ever been enrolled in a course that is related to Corporate Social Responsibility, Sustainability, Corporate Ethics or similar?”. Two possible answers were available: “Yes” or “No”.

The second table, “CSR meaning”, summarizes the responses to the question “Are you familiar with the concept of “corporate social responsibility”?”. With the same number of responses: “Yes” or “No”.

The first table relates answers from both variables “CSR related course” and “CSR meaning”. The last column “Percent” are related to each of the answers “CSR related course”. For example, 74,1% is the percentage of respondents that understand the meaning of CSR that had been enrolled in a CSR related course.

**Annex D. Table of activities perceived as being part of CSR (responses of question 4 of the questionnaire)**

CSR subject (ISO 26000)	Answers	All respondents		CSR meaning "Yes"		CSR meaning "Yes" and CSR related course "Yes"	
		Frequency	Percent	Frequency	Percent	Frequency	Percent
The environment	Sustainable resource use (energy, water, recycle, etc.).	70	72,9%	66	86,8%	16	80,0%
The environment	Prevention of pollution.	73	76,0%	69	90,8%	19	95,0%
Organizational Governance	Maximize profit.	2	2,1%	0	0,0%	0	0,0%
Organizational Governance	High level of operating efficiency.	11	11,5%	3	3,9%	0	0,0%
Consumer issues	Treat customers well (e.g. provide accurate information, fair price to ask, good quality, etc.).	44	45,8%	36	47,4%	0	0,0%
Consumer issues	Consumer data protection and privacy.	18	18,8%	14	18,4%	4	20,0%
Labour practices	Investing in relationships with and between employees (e.g. team-building, group promoting activities).	40	41,7%	36	47,4%	10	50,0%
Labour practices	Investing in a healthy and safe working environment.	57	59,4%	54	71,1%	0	0,0%
Human Rights	Exploitation and child labour avoidance.	43	44,8%	27	35,5%	9	45,0%
Human Rights	Non-discriminatory practices.	69	71,9%	57	75,0%	14	70,0%
Community involvement and development	Product donations to charity (e.g. food, clothing, services, etc.).	70	72,9%	62	81,6%	18	90,0%
Community involvement and development	Create employment.	38	39,6%	38	50,0%	11	55,0%
Fair operating practices	Fair competition in the market.	50	52,1%	39	51,3%	9	45,0%
Fair operating practices	Anti-corruption compliance (avoidance of bribery, conflict of interests, fraud, etc.).	56	58,3%	44	57,9%	11	55,0%
<b>TOTAL number of respondents</b>		96		76		20	

**Annex E. Tables of consumer support of responsible business**

Statements	I would pay more to buy products from a socially responsible company.		I consider the ethical reputation of businesses when I shop.		I avoid buying products from companies that have engaged in immoral actions.	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Strongly Disagree	0	0,0%	0	0,0%	0	0,0%
Disagree	9	9,4%	16	16,7%	5	5,2%
Neither Agree nor Disagree	39	40,6%	25	26,0%	24	25,0%
Agree	48	50,0%	40	41,7%	47	49,0%
Strongly Agree	0	0,0%	15	15,6%	20	20,8%
<b>TOTAL</b>	<b>96</b>	<b>100%</b>	<b>96</b>	<b>100%</b>	<b>96</b>	<b>100%</b>
Mean	3,41		3,56		3,85	
Standard Deviation	0,65		0,94		0,80	

Statements	If the price and quality of two products are the same, I would buy from the firm that has a socially responsible reputation.		I would pay more to buy the products of a company that shows caring for the well-being of our society.	
	Frequency	Percent	Frequency	Percent
Strongly Disagree	0	0,0%	0	0,0%
Disagree	4	4,2%	5	5,2%
Neither Agree nor Disagree	8	8,3%	30	31,3%
Agree	20	20,8%	49	51,0%
Strongly Agree	64	66,7%	12	12,5%
<b>TOTAL</b>	<b>96</b>	<b>100%</b>	<b>96</b>	<b>100%</b>
Mean	4,50		3,71	
Standard Deviation	0,82		0,75	

**Annex F. Means of consumers' evaluation of CSR activities (Carrolls' four dimensional CSR model)**

Descriptive Statistics			
	Mean	Std. Deviation	Analysis N
Eco1	3,54	,870	96
Eco2	3,88	,603	96
Eco3	4,33	,474	96
Eco4	3,79	,710	96
Leg1	4,42	,496	96
Leg2	3,96	,794	96
Leg3	3,88	,932	96
Leg4	4,13	,729	96
Eth1	4,08	,763	96
Eth2	4,13	,837	96
Eth3	4,38	,487	96
Eth4	4,17	,804	96
Phi1	4,04	,845	96
Phi2	3,58	,816	96
Phi3	4,00	,821	96
Phi4	4,42	,643	96

**I believe that businesses must...**

Eco1 – ... maximize profits.

Eco2 – ...control their production costs strictly.

Eco3 – ...plan for their long-term success.

Eco4 – ...always improve economic performance.

Leg1 – ...ensure that their employees act within the standards defined by the law.

Leg2 – ...refrain from putting aside their contractual obligations.

Leg3 – ...refrain from bending the law even it helps improve performance.

Leg4 – ...always submit to the principles defined by the regulatory system.

Eth1 – ...permit ethical concerns even if it negatively affect economic performance.

Eth2 – ...ensure that the respect of ethical principles has priority over economic performance.

Eth3 – ...be committed to well-defined ethical principles.

Eth4 – ...avoid compromising ethical standards in order to achieve corporate goals.

Phi1 – ...help solve social problems.

Phi2 – ...participate in the management of public affairs.

Phi3 – ...allocate some of their resources to philanthropic activities.

Phi4 – ...play a role in our society that goes beyond the mere generation of profit.

**Annex G. Frequency tables of rank-order statement of CSR activities**

FINANCIAL SERVICES												
Activity	Quality products and services		Make a Profit		Philanthropic activities		Treat employees fairly		Environmental concerns		Corporate honesty	
Rank	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
<b>1st - Most important</b>	21	21,9%	9	9,4%	5	5,2%	7	7,3%	10	10,4%	44	45,8%
<b>2nd</b>	34	35,4%	4	4,2%	4	4,2%	22	22,9%	12	12,5%	20	20,8%
<b>3rd</b>	9	9,4%	14	14,6%	8	8,3%	49	51,0%	8	8,3%	8	8,3%
<b>4th</b>	7	7,3%	13	13,5%	29	30,2%	8	8,3%	25	26,0%	14	14,6%
<b>5th</b>	18	18,8%	7	7,3%	17	17,7%	10	10,4%	38	39,6%	6	6,3%
<b>6th - Least important</b>	7	7,3%	49	51,0%	33	34,4%	0	0,0%	3	3,1%	4	4,2%
<b>TOTAL</b>	96	100%	96	100%	96	100%	96	100%	96	100%	96	100%
<b>Mean</b>	4,13		2,42		2,46		4,08		3,19		4,73	
<b>Standard deviation</b>	1,64		1,72		1,41		1,02		1,38		1,52	

Frequency table of rank-order statement of CSR activities – Financial Services

ELECTRIC POWER INDUSTRY												
Activity	Quality products and services		Make a Profit		Philanthropic activities		Treat employees fairly		Environmental concerns		Corporate honesty	
Rank	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
<b>1st - Most important</b>	19	19,8%	12	12,5%	7	7,3%	4	4,2%	24	25,0%	30	31,3%
<b>2nd</b>	16	16,7%	4	4,2%	8	8,3%	19	19,8%	27	28,1%	22	22,9%
<b>3rd</b>	14	14,6%	13	13,5%	7	7,3%	26	27,1%	17	17,7%	19	19,8%
<b>4th</b>	14	14,6%	4	4,2%	6	6,3%	38	39,6%	11	11,5%	23	24,0%
<b>5th</b>	25	26,0%	7	7,3%	37	38,5%	9	9,4%	17	17,7%	1	1,0%
<b>6th - Least important</b>	8	8,3%	56	58,3%	31	32,3%	0	0,0%	0	0,0%	1	1,0%
<b>TOTAL</b>	96	100%	96	100%	96	100%	96	100%	96	100%	96	100%
<b>Mean</b>	3,65		2,35		2,43		3,7		4,31		4,56	
<b>Standard deviation</b>	1,67		1,86		1,56		1,03		1,42		1,25	

Frequency table of rank-order statement of CSR activities – Electric Power Industry