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CORPORATE SOCIAL RESPONSIBILITY: What the Social Reports of Companies Reveal

Hélio Arthur Reis Irigaray
FGV-EBAPE
E-mail: *helio.irigaray@fgv.br*

Rafaela Garcia Araújo
FGV-EBAPE
E-mail: *rafaela.araujo@fgv.br*

Sylvia Constant Vergara
FGV-EBAPE
E-mail: *Sylvia.vergara@fgv.br*

ABSTRACT

This research considers an analysis of how companies listed in the Brazilian Stock Exchange understand corporative social responsibility and put it into practice. Qualitative analysis showed that one third of the companies in the sample presented deviations in the understanding of what corporative social responsibility is, confusing philanthropy with the business itself, volunteer actions of employees as being their own, fines with investments, among other ambiguous information. The contribution of the present research is relevant inasmuch as it condenses and demonstrates the (mis)match between the understanding and the practice of corporate social responsibility.

Keywords: *Corporate Social Responsibility. Social Report. Sustainability Report. Standardization. Ambiguity.*

INTRODUCTION

What do companies show in their social reports with regard to their understanding and commitment to the policies and practices of Corporate Social Responsibility (CSR)? That is the question on which this study is based, and the answer to it is relevant to society, and corporations.

For society, especially in emerging and under-developed countries, the CSR actions of companies have filled a lacuna resulting from inefficient and ineffective policies such as basic sanitation, street-paving, security and education (Oliveira, 2008). In Brazil such actions are often the result of Conduct Adjustment Agreements (TAC), which are agreed as a counterpart to the negative externalities of industrial-production activities (Macedo, Cruz, & Ferreira, 2011). Hence it is fundamental to understand how companies perceive this and put it into practice, in order to understand to what extent these activities effectively perceive works and actions that qualify as CSR actions.

For academics, the importance of this study is explained by the lack of research that offsets corporative practices and the various interpretations of CSR proposed in the literature (Alonso-Almeida *et al*., 2012); indeed, most academic work concentrates on theoretical reflections (Banerjee, 2007).

For companies, bearing in mind the instrumental logic that rules them (Kang, 1995; Banerjee, 2007), there remains a need for research that can help them to measure the efficacy of the investments made in CSR actions (Zadek & Merme, 2003). This study sets out to meet that demand, starting out from the perception of the stakeholders, which has already been studied in theoretical papers (Friedman, 1962, 1970; Carroll, 1979; Kotler & Lee, 2005; McWilliams & Siegel, 2001) and empirical research (Irigaray & Pithon, 2012; Gonçalves-Dias & Teodósio, 2012; Frota & Teodósio, 2012), and then confronting this with socio-environmental reports published by the companies. There is actually no legislation or specific regulations by sector or activity to determine the obligation of companies to make their socio-environmental contributions known to the public. They do so voluntarily, for these investments contribute towards their financial performance (Annandale & Taplin, 2003) and lead to enhancing their image and increasing the value of their brands (Wolf, 2001), besides serving as a strategic response to the multiple institutional pressures they endure from governments, society and non-governmental organizations (Stout, 2007).

To answer the question that led to this study, a survey was conducted among the 100 biggest open-capital companies that operate in the Brazilian Stock Exchange, using the criterion of market value (the number of shares multiplied by the value of the share). Together, these corporations account for half of the R$ 4.5 billion worth of daily business and transact approximately 8% of the amount negotiated each day on the Bovespa Futures and Commodities Exchange (BM&FBovespa, 2012). Information was gathered on their CSR policies and practices from their homepages, official documents such as annual reports, social reports and reports on sustainability.

This paper is divided into seven sections, besides this introduction. The second section summarizes the main theoretical tendencies discussed in the academic milieu. The third section deals with the methodology pursued in the research: selecting the sample and handling the data provided by the companies. Following that, the fourth and fifth sections present the results of the research based on the documents published by the companies concerning CSR and their commitment to such practices. Lastly, the sixth, seventh and eighth parts present respectively the discussions, the conclusion and bibliographic references.

CSR: A construct with multiple interpretations

The specialized literature contains studies on CSR written since the late 19th century, but it was only in the second half of last century that the topic entered the academic agenda on a definitive basis. Until the mid-1920s the predominant understanding was that corporations existed for the benefit of the shareholders and that the corporate directors enjoyed freedom of action only as regards the means of ensuring this benefit for the shareholders, and were not allowed to use the profit for any other purpose (Banerjee, 2007). This concept was legally founded on the decision of the Supreme Court of Michigan made in 1916 in favor of the shareholders in the case Dodge *versus* Ford, when Henry Ford decided against distributing part of the expected dividends, converting them instead to investments in productive capacity, higher salaries and setting up a reserve fund for any eventual loss of revenue (Stout, 2007).

Following the effects of the Crisis of 1929, the understanding that corporations must answer to their shareholders began to be strongly contested, especially by researchers who started to argue that shareholders were passive proprietors who abdicated control and therefore made the directors of the corporation responsible for decision-making (Ashley, Coutinho & Tomei, 2000).

In the second half of the 20th century, some studies questioned the purely economic functions of companies in society, such as maximizing profit and remunerating shareholders (Abrams, 1951; Frederick, 1960; Andrews, 1971; Galbraith, 1973). However, these studies did not reflect a consensus among scholars. Other researchers, notably Levitt (1958), Johnson (1958) and Friedman (1962), referred to CSR as a "*new tyranny of fad and fancy"* that could jeopardize commercial interests (Levitt, 1958:42), and that CSR would "*maintain economic power in their own hands by extending their influence and decision-making power into so many nonbusiness areas that they become benevolent dictators*" (Johnson, 1957: 72).

The main argument used by Friedman (1962) in his seminal study was that applying the resources of organizations in projects that were not designed to generate profit for the shareholders would be damaging to society. Friedman asserted that cutting profits would lead to less re-investments and consequently to fewer new jobs, to less possibility of a rise in wages and to lower amounts paid in taxes (to be used for the benefit of society). As he saw it, it was up to the *owners* of the organizations to decide on how to use the money, not to the managers. This is the basis of the Agency Theory: managers who use corporate resources for social welfare do so only to progress in their personal careers and promote their own image. Moreover, companies could be acting inefficiently in using the resources for the sake of society, seeing that they would not be specialized in social management or have the technical skill for such.

Subsequently, Carroll (1979:38) elaborated this discussion by positing that "*The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time*". This perspective brings a temporal dimension to the discussion of CSR. This temporal dimension pertains to the lexical selection "*at a given point in time*". For Carroll, the concept of CSR embodies the idea that companies have not only economic and legal obligations, but also ethical and discretionary responsibilities which legitimize these organizations socially.

Chart 1 and 2 below illustrate the main concepts of CSR in the studies published in the USA, Europe and Brazil; our considerations are based on the underlined lexical selections.

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Chart 1: Definitions of Corporate Social Responsibility , before year 2000

AUTHOR	DEFINITIONS
Frederick (1960: 60)	[…] we mean that businessmen should oversee the operation of an economic system that fulfills the expectations of the public. Social responsibility in the final analysis implies a public posture toward society's economic and human resources and a willingness to see that those resources are utilized for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms.
Friedman (1970)	"there is one and only one social responsibility of business–to use it resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud."
Davis (1973: 313)	A firm is not being socially responsible if it merely complies with the minimum requirements of the law, because this is what any good citizen would do. [..] Social responsibility goes one step further. It is a firm's acceptance of a social obligation beyond the requirements of the law.
Carroll (1979: 500)	The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time

Chart 1: Definitions of Corporate Social Responsibility, after year 2000

AUTHOR	DEFINITIONS
McWilliams & Siegel (2001: 117)	Here we define CSR as actions that appear to further some social good, beyond the interests of the firm and that which is required by law.
Commission of European Communities (2001: 4)	[*CSR*] is in essence a concept according to which companies voluntarily decide to contribute to a more just society and a cleaner environment.
Whetten, Rands & Godfrey (2002: 374)	Societal expectations of corporate behavior: a behavior that is alleged by a stakeholder to be expected by society or morally required and is therefore justifiably demanded of a business.
World Business Council (2002: 2)	Corporate Social Responsibility is the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large.
Oliveira (2005: 3)	[*CSR*] is the way that companies behave, how they impact and relate to the environment and their legitimately interested parties (the so-called 'stakeholders', that is to say, employees, suppliers, government and society in general).
Global Reporting Initiative (2012: 10)	[*CSR is*] a 'social license to operate' [...]; the capacity of an organization to speak of economic, environmental and social aspects of its operations in a trustworthy and coherent manner is of great value nowadays.
Instituto Ethos (2012)	[*CSR*] is the form of management defined by a company's ethical and transparent relationship with all the public sectors with which it relates, and by the setting of business goals that stimulate the sustainable development of society by preserving environmental and cultural resources for future generations, respecting diversity and promoting less social inequality.

Most of the studies on CSR associate it with voluntary actions on the part of companies (Carroll, 1979) and in essence can be divided into two large ontological approaches.

The first of these approaches is based on the logic of the shareholders (Friedman, 1962, 1970), according to which the only public to which a company is accountable are its shareholders, and the sole objective of a company is to maximize its profits, as disclosed in the lexical selection "*use it resources and engage in activities designed to increase its profits*". The second ontological approach is revealed in the belief that creating value must not be for the sole benefit of the shareholders, but should also benefit all the stakeholders, that is, everyone with an interest in the company, be they employees, trade unions, suppliers, consumers and society in general (Instituto Ethos, 2012; Oliveira, 2005, 2008; McWilliams & Siegel, 2001), as prescribed in the lexical selections "*the sustainable development of society by preserving environmental and cultural resources for future generations"* (Instituto Ethos, 2012) and "*continuing commitment by business to contribute to economic* *development while improving the quality of life of the workforce and their families as well as of the community and society at large"* (Word Business Council, 2002).

This broader view of CSR has become more common, being extrinsically linked to the ongoing discussions on environment and sustainable development (World Business Council, 2002; Commission of European Communities, 2001). On the other hand, the specialized literature has concerned itself with denouncing that the socio-environmental discourses and practices of companies are based on an instrumental logic geared towards the social legitimacy of their financial gains (Banerjee, 2007; Kuhn & Deetz, 2008) and increasing spaces for spontaneous media (Van Oosterhout & Heugens, 2008): in short, a "*social license to operate*" (Global Reporting Initiative, 2012).

As to academic production in Brazil specifically, rather than simply conceptualizing CSR, researchers have concentrated on discussing its multiple dimensions, such as workers' health and safety (Frota & Teodósio, 2012), controversies regarding consumption (Gonçalves-Dias & Teodósio, 2012), the perception of the communities where the companies are installed (Irigaray & Pithon, 2012), and the relation of the companies with the productive chains (Gonçalves-Dias, Labegalini, & Csillag, 2011).

METHODOLOGICAL APPROACH

This study selected the 100 biggest companies listed in the Bovespa Futures and Commodities Exchange by market value (ranking of data in April 2012), from 17 different sectors of industry, each one with different degrees of impact generated by its activities. The sector with the highest number of representatives was energy, gas and water (23 companies), followed by finance and insurance (9 companies). Both the listing and the data for the sectors were extracted from the software *Economática*.

Information was gathered on the CSR-related declarations of these organizations in official published documents, their homepages, advertising material and yearly reports available to the public, in particular reports on sustainability, social reports, social balances, annual reports, and administration reports. The latter also served as a source of the companies' actual investments and practices. In all, 314 documents were collected and analyzed. The option in favor of analyzing the companies' annual reports was based on the fact that these are important elements for divulging a company's image. The content and information found in these documents concern the gains obtained during the year, plus strategies for action, values and business principles. These public documents, easy to access and often distributed to clients, shareholders and suppliers, translate the thinking of the company's managers and the way in which it would like to be seen. Being a strategic element that involves various areas of the company and takes months to be completed, these texts contain indications and valuable concepts on business understanding, positioning and practices. The content therein does not represent a spontaneous response that might perhaps portray the thinking of only person in the firm. The definitions of CSR, careful elaboration and the practices registered in these reports are the result of the concepts adopted by different professionals and different areas involved.

The qualitative configuration of the data collected from the public documents presented by the companies was analyzed (Vergara, 2012). Interpreting the content helps to clarify susceptible meanings and mechanisms not understood *a priori* (Bardin, 1977) and consequently enables researchers to draw conclusions about the problem that gave rise to the investigation.

The basic procedure adopted for analyzing content is to define categories, that is, titles that group together elements of the content on the basis of their significance (Laville & Dionne, 1999). In this research, based on fragments of discourses and lexical selections of the texts under analysis, six emerging categories were identified in terms of the different degrees of understanding and commitment of the companies as regards CSR policies and actions.

RESULTS OF THE RESEARCH: what do companies understand by CSR?

Using the collected information and fragments of discourse, three categories were identified through analysis of the researched documents belonging to the 100 companies in the sample: *Broad Understanding* of the concept of CSR; *Limited Understanding*; and *Confused Understanding*. The first category included those companies whose comments revealed a broader understanding of CSR. The definition of *broad* applied basically to the concepts defended by Carroll (1991), who proposed a four-tiered pyramid to define CSR: economic responsibility; legal responsibility; ethical responsibility; and discretionary responsibility. In the research, the concept of *broad* refers to something that goes beyond the company's internal actions, considering the economic, legal and ethical questions as fundamentals: something of greater scope and effect that contemplates *all* the stakeholders (Banerjee, 2007).

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The essence of the companies characterized as *Broad Understanding* is best reflected in the following fragment of discourse extracted from the Annual Report (2010: 26) of the Companhia Paulista de Força e Luz (CPFL – São Paulo Energy and Electricity): "[...] *the concept of the development of society goes beyond the responsibilities inherent to the business undertaken by the Company; it means understanding its responsibility in a broader sense* [...] *all the actions carried out by the Company must take into account its capacity to create value for society*". The lexical selections "*go beyond the responsibilities inherent to business*", "*broader sense*" and "*create value for society*" are in line with the arguments presented by Davis (1973) and McWilliams and Siegel (2001), as well as with the guidelines pointed out by the Commission of European Communities (2001), Global Reporting Initiative (2012) and Instituto Ethos (2012).

The category *Broad Understanding* emerged from the analysis of the fragments of discourses and lexical selections underlined in Chart 2, presented below.

Chart 2: Fragments of the Discourse of Companies in the Category *Broad Understanding* of what CSR is

COMPANY	FRAGMENTS OF THE DISCOURSE
AES Tiete	The Group's commitment to sustainability: acting as <u>transformer agents</u> [...]. (Report on Sustainability, 2011: 36)
Petrobras	Commitments to sustainability: <u>Integrated Growth</u>, profitability and social and environmental responsibility. (Report on Sustainability, 2011: 18)
Vale	Investing in the <u>socio-economic development of communities</u>, while respecting their needs, is what is expected of a company committed to sustainability. [...] The experience of Vale confirms that the '<u>social license to operate</u>' is as important as environmental licenses. (Report on Sustainability, 2011: 45)
Neoenergia	The Neoenergia Group's commitment to clients, the community, suppliers, collaborators, governments and the environment is inherent to the pursuit of <u>development of the country</u> and good <u>relations with the stakeholders</u>. (Annual Report, 2010: 56)
Usiminas	We emphasize once again that sustainability <u>permeates all our corporate actions</u> [...]. (Annual Report, 2011: 11)
Lojas Renner	Implanting sustainability is a long journey that <u>involves the whole Company</u>. (Report on Sustainability, 2011: 6)
Fleury	We contribute to the health and welfare of people, <u>society and the environment</u> by diffusing knowledge, <u>valorizing diversity and adopting fully ethical and transparent practices</u>." (Annual Report and Report on Sustainability, 2010: 78)

The lexical selections "*transformer agents*", "*integrated growth*", "*social license*", "*development of the country*", "*permeates all our corporate actions*", "*involves the whole Company*" and "*adopting fully ethical and transparent practices*" enable us to infer that the companies in question see themselves as agents of social transformation, responsible for the preservation of the environment and the development of the country. Accordingly, the category *Broad Understanding* was made up of firms that demonstrate a more complete understanding of CSR and feel that their actions can reach beyond the legal requirements. This category understands CSR as one of its strategic priorities, involving the company's values, questions of legacy, sustainability, mitigation of risks, reducing impacts, ethical and agreed commitments, development of local communities, projects of environmental recovery and preservation; all of this reflects alignment with the arguments presented by Banerjee (2007), Kuhn and Deetz (2008), as well as with the main guidelines of the World Business Council (2002).

In all, 40 companies were classified in the category *Broad Understanding*: AES Tietê, Alpargatas, Ampla Energia, BM&FBovespa, Braskem, BRF Foods, Cemig, Cia Hering, Cielo, Coelba, Copasa, CPFL Energia, Cyrela Realty, Duratex, Elektro, Embraer, Embratel Participações, Fibria, Fleury, JBS, Klabin, Lojas Renner, M. Dias Branco, MPX Energia, MRV, Natura, Neoenergia, Odontoprev, OGX, Oi, Pão de Açúcar (CBD), Petrobras, Sabesp, Souza Cruz, Suzano Papel, Tam S/A, Tractebel, Usiminas, Vale and Whirlpool.

This list is made up of companies from a variety of sectors, some of whose campaigns are emphatically directed towards associating their brands with socially responsible activities, such as Natura and Pão de Açúcar; others are more engaged in activities with a high social and environmental impact, such as the energy-explorers OGX and Petrobras, the mining companies Usiminas and Vale, the electric-energy outfits AES Tietê, Ampla Energia, Cemig, Coelba, CPFL Energia, Elektro, MPX Energia, Neoenergia and Tractebel, the paper and pulp firms

Fibria, Klabin and Suzano Papel, the tobacco company Souza Cruz and the airline and aircraft-parts companies Embraer and Tam S/A.

The second category, called *Limited Understanding*, comprises the companies that showed a less expansive – or even regional – vision of what CSR is, or else limit themselves to fulfilling their legal obligations (Frederick, 1960). This category emerged from different fragments of discourse, for instance those extracted from the annual reports of the Companhia de Bebidas das Américas (Ambev – *Americas Beverages Company*) and Lojas Americanas.
Ambev claims that it contributes to *"strengthening the economy in all the countries where we operate. We create jobs and pay taxes*." (Ambev, 2011: 22). The lexical selection infers that the company in question limits its CSR actions to its productive activity (*"we create jobs*") and legal responsibility ("*and pay taxes*"). Later on, the company claims that it also invests in sponsoring specific cultural, sports and educational events. However, these are not reported annually, which denotes a lack of continuity. This view of CSR reveals alignment with the studies carried out at the beginning of this century (Whetten, Rands, & Godfrey, 2002; McWilliams & Siegel, 2001). As for Lojas Americanas, in its on-line report, they claim that the company wants "*to develop its professionals internally* [...] *by taking fair-priced quality products to municipalities with little or no access* [...] *thus improving their quality of life in an ethical and responsible fashion*." (Lojas Americanas, 2011). Considering that skill-building employees and expanding business reflect the strategy of the organization in question, only the externalizing of the commitment to ethics and the responsibility of how the company will conduct itself reflect CSR concepts (Friedman, 1962, 1970; Kotler & Lee, 2005).

The *Limited Understanding* category emerged to encompass other companies by virtue of the lexical selections underlined in the fragments of discourse in their official documents, since these lend a regional touch to these companies' CSR policies and actions. Chart 3 below synthesizes the fragments of the *Limited Understanding* category.

Chart 3: Fragments of the Discourse of Companies in the Category *Limited Understanding* of what CSR is

COMPANY	FRAGMENTS OF THE DISCOURSE
Raia Drogarias	"Raia Pharmacy believes that the way it relates to its clientele is one of the factors that have allowed it to serve four generations for over 100 years. It also holds that in order to continue successfully its confident strategy of growth and consequently create real value for its shareholders, [...]". (Raia Drogaria, 2010: 30)
Comgas	"Treating the environment with respect and integrating with the neighboring communities." (Comgas, 2011: 17)
Santos Brasil	"In this sense we develop and support social and environmental actions dedicated to the development of the communities where our units are installed." (Santos Brasil, 2011: 2)
MMX Miner	"Support for local initiatives and sponsoring are in keeping with the commitment to contribute to the development of the neighborhoods where the company is located." (MMX, 2012)
Cosan	"The focus of these programs is on professionals contracted locally, in an attempt to foster the development of the communities where the company operates." (Cosan, 2011: 59)
Sul América	"[...] Sul América promotes engagement with its clientele by investing in social initiatives and improving process and products in order to mitigate environmental impacts." (Sul América 2011: 41)

Selected fragments such as *"create jobs and pay taxes"* and *"develop its professionals internally"* denote that these companies understand such actions to be sufficient for them to consider their social role accomplished. One also notes the frequent use of expressions such as *"the communities where the company operates", "the neighborhoods where the company is located"* and *"Support for local initiatives"*, which reveals an understanding of CSR associated with local and regional actions restricted to the areas impacted by the company's practices (Oliveira, 2005). Another expression used in the discourse of the components of this category was *"create real value for its shareholders"*, that is to say, the other stakeholders (employees, the community, trade unions) are neglected, disregarded and ignored. For this particular cluster of firms, the investment initiatives involving the environment are mentioned in lexical selections such as *"improving processes"* and *"mitigating environmental impacts"*, which shows an exclusive commitment to optimizing the company's operations and managing its input materials and internal practices, which are focused essentially on lowering its costs, as advocated by some members of the academic community (Friedman, 1962, 1970; Kotler & Lee, 2005).

In all, 37 companies were included in this category: All América Latina, Ambev, Amil, Anhanguera, Casan, CEG, Comgas, Cosan, Dasa, EDP (Energias Brasil), Eztec, Grendene, Hypermarcas, Iguatemi, Light S/A, Localiza, Lojas Americanas, Lojas Marisa, Marcopolo, Marfrig, Mills, MMX Miner, Multiplan, Multiplus, OHL Brasil, OSX Brasil, PDG Realty, Porto Seguro, Qualicorp, Raia Drogarias, Santos Brasil, Sid Nacional, Sul América, Tim Participações, Totvs, Via Varejo and Weg. Service companies are predominant in this category, especially in the areas of real-estate and supply of electricity, gas and water, as well as representatives of the commercial sector.

Finally, the third and last category that emerged was given the name *Confused Understanding*, seeing that it is made up of organizations that showed an ambiguous understanding of CSR. As a matter of fact, the reports of these firms contained four deviations which indicate that they have neither a broad nor a limited understanding of CSR.

The first deviation was divulgation of voluntary actions reported as social programs carried out by the companies, when the truth is that they are practiced voluntarily by the employees. This dysfunction has already been studied by academics (Irigaray & Pithon, 2012). Some examples are the cases of Gerdau, which included in its annual report the donation of toys made by the employees at Christmas (Gerdau, 2010: 34); Santander, which included in its indicators of sustainability the donation of blood by its employees, as well as engagement in social causes with resources of donations by third parties (Santander, 2011: 11); Ultrapar declared as a "social action" the classes given by its employees in their spare time to young people and adults in a poor community (Ultrapar, 2011: 29); and Telefonica, whose report on sustainability mentions the success of the program "Solidarity during the Holidays", which claims to be a *"global project designed to valorize the spirit of solidarity among its collaborators by stimulating volunteer activities during holidays in other Latin America countries"* (Telefonica, 2011: 36).

In fact, not only employees, but also consumers are mentioned by some firms in their reports on socio-environmental indicators, which is evident in the following fragment of discourse extracted from the Annual Report and Report on Sustainability published by Itaú Unibanco S/A, which boasts that its brand called Hypercard is the biggest donor to a charity institution, when the real donors are actually its clients: "*The brand Hypercard is the biggest donor of the Association of Assistance to Handicapped Children (AACD). In 2010, the campaign to encourage clients to donate resources using the card managed to collect 4 million Reals*." (Itaú Unibanco, 2010: 68).

The second deviation identified in the research was the definition of "social action" given by the financial institutions under analysis in announcing the availability of credit to low-income consumers. Banks and credit-card operators present credit as a social good, alleging that the service is social insofar as it helps the lower classes who previously had no access to credit. Nonetheless, interest is charged on the loan, and in some cases this amounts to as much as 4% a month (rates practiced in 2012, extracted from corporate homepages), as in the case of Itaú Unibanco, Redecard e Bradesco, which leads to annual rates of close to 60%. In addition, it deserves stressing that this niche of the market was already being exploited by small financial companies and of late has attracted the interest of larger institutions, not only because of its philanthropic characteristics.

Even in financial institutions there was evidence of the third deviation in publishing donations for political campaigns of a social nature. Some banks claim that supporting the campaign of candidates chosen by them promotes democracy; hence, a contribution made by the institution to society. This applies to Santander, whose Indicators of Sustainability states that the company "*believes in strengthening democracy (...); that is why it lends its support to political parties for the upkeep of their activities,* [...]*."* (Santander, 2011: 47).

Since such matters are not germane to the scope and proposal of this paper, our aim is not to judge the ethical and legal dimensions of loans made to low-income clients or donations to political campaigns. No judgment is being passed on the meritd of the action, all that is being questioned is the degree of social action in such practices. Offering micro-credit entails interests of profitability, market positioning, gains in market-share, winning new clients and various other strategic actions. Political interest is intrinsically involved in the financing of political parties and candidates. Accordingly, what this research points out is the deviation in the instrumental manner of reporting information, which can result in a mistaken understanding of the meaning of CSR.

The fourth, and possibly the most serious, deviation involves divulging fines, conduct adjustment agreements and compensation for damage caused in the form of socio-environmental action. In some cases, not only was the explanation of the occurred fact in the section on socio-environmental actions – a program for the community -

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which could lead to dubious interpretations, but also the value spent was added to the total annual investment in society or the environment. This is the case of Copel's Annual Report on Management and Sustainability, whose social balance adds "*compensation to indigenous communities*" in the list of external social investments (Copel, 2011: 110), and Eletrobras, whose Annual Report adds to its social and environmental investments the cost of "environmental liabilities and contingences" and "resettlement of families affected by its operations" (Eletrobras, 2010: 126; 153).

In the *Confused Understanding* category can be found a total number of 23 companies which at some moment presented deviations in their actions and the material they divulged. These companies are: Banrisul, BR Malls Participações, BR Properties, Bradesco, Banco do Brasil, CCR S/A, Cesp, Cetip, Copel, Ecorodovias, Eletrobras, Gerdau, Guararapes, Itaú Unibanco, NET, Redecard, Sanepar, Santander, Taesa, Telefonica Brasil, Transmissão Paulista, Ultrapar and Vale Paranapanema. We find in this category a concentration of financial institutions and firms from the electric-energy sector. It should also be noted that although some organizations in this category posted large-scale socio-environmental actions, the conceptual deviations detected place them in *Confused Understanding*.

RESULTS OF THE RESEARCH: How committed are companies to CSR?

This study set out to investigate not only the discourses employed by companies and expressed in their official reports, but also their CSR practices.

Based on these same reports, the companies were classified according to three categories: *High Commitment*; *Medium Commitment*; and *Low Commitment*. These categories emerged based on the companies' engagement in external and internal CSR actions. "External actions" is understood to mean investments in programs related to culture, sports and education, as well as environmental actions such as recovery of degraded areas, preservation of biodiversity and depollution programs. As for "internal actions", this refers to investments in training and benefits for employees, as well as internal socio-environmental actions, that is to say, environmental management, reducing the emission of green-house gas effects, residues and consumption.

The category of *High Commitment* includes companies that invest in external and internal actions and projects; in *Medium Commitment* can be found those whose focus in CSR investments is on internal actions, with some initiatives in external projects. Finally, the *Low Commitment* category comprises the firms that presented only investments in internal practices and actions.

The first category, *High Commitment,* grouped together 35 companies, namely: AES Tiete, Alpargatas, Ampla Energia, Banco do Brasil, Banrisul, Bradesco, Braskem, BRF Foods, Cemig, Cesp, Coelba, Copasa, CPFL Energia, CTEEP (Transmissão Paulista), Duratex, Elektro, Eletrobras, Fibria, Gerdau, Itaú Unibanco, Klabin, MRV, Natura, Neoenergia, Pão de Açúcar (CBD), Petrobras, Sabesp, Sanepar, Santander, Souza Cruz, Suzano Papel, TAM, Tractebel, Usiminas and Vale. Note the presence in this category of financial institutions that were previously placed in the sector whose understanding of CSR is categorized as *Confused*.

In the *Medium Commitment* category, 36 companies presented internal socio-environmental actions aimed at improving operational efficiency and reducing the emission of residues, while their external investments contemplate social or environmental projects. These companies are: Ambev, Amil, Anhanguera, BM&FBovespa, CCR S/A, CEG, Cielo, Comgas, Copel, Cyrela Realty, Ecorodovias, EDP (Energias Brasil), Embraer, Fleury, Hering, JBS, Light S/A, Lojas Renner, Marcopolo, Marfrig, MPX Energia, Multiplan, OGX, OHL Brasil, Oi, Porto Seguro, Raia Drogarias, Redecard, Santos Brasil, Sid Nacional, Sul América, TAESA, Telefônica Brasil, TIM, Ultrapar and Weg.

A total of 29 companies from the 100 in the sample of the survey were classified in the category *Low Commitment*: All América Latina, BR Malls Participações, BR Properties, Casan, Cetip, Cosan, Dasa, Embratel Participações, Eztec, Grendene, Guararapes, Hypermarcas, Iguatemi, Localiza, Lojas Americanas, Lojas Marisa, M. Dias Branco, Mills, MMX Miner, Multiplus, NET, Odontoprev, OSX Brasil, PDG Realty, Qualicorp, Totvs, Vale Paranapanema, Via Varejo and Whirlpool.

DISCUSSION

The research made it clear that as far as the organizations are concerned, their understanding of CSR and their commitment to actions related to that area are not necessarily aligned. As a matter of fact, if we cross the two main categories we obtain nine possible combinations, which are summarized in Chart 4 below.

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Chart 4: Correlation between Understanding and Commitment to CSR

UNDERSTANDING	COMMITMENT: HIGH	COMMITMENT: MEDIUM	COMMITMENT: LOW
BROAD	**[25 companies]** AES Tiete, Alpargatas, Ampla Energia, Braskem, BRF Foods, Cemig, Coelba, Copasa, CPFL Energia, Duratex, Elektro, Fibria, Klabin, MRV, Natura, Neoenergia, Pão de Açúcar, Petrobras, Sabesp, Souza Cruz, Suzano Papel, Tam S/A, Tractebel, Usiminas and Vale	**[11 companies]** BM&FBovespa, Cia Hering, Cielo, Cyrela Realty, Embraer, Fleury, JBS, Lojas Renner, MPX Energia, OGX and Oi	**[4 companies]** Embratel Participações, M. Dias Branco, Odontoprev and Whirlpool
LIMITED	- - -	**[18 companies]** Ambev, Amil, Anhanguera, CEG, Comgas, EDP (Energias Brasil), Light S/A, Marcopolo, Marfrig, Multiplan, OHL Brasil, Porto Seguro, Raia Drogarias, Santos Brasil, Sid Nacional, Sul América, TIM Participações S/A and Weg	**[19 companies]** All América Latina, Casan, Cosan, Dasa, Eztec, Grendene, Hypermarcas, Iguatemi, Localiza, Lojas Americanas, Lojas Marisa, Mills, MMX Miner, Multiplus, OSX Brasil, PDG Realty, Qualicorp, Totvs and Via Varejo
CONFUSED	**[10 companies]** Banco do Brasil, Banrisul, Bradesco, Cesp, CTEEP (Transmissão Paulista), Eletrobras, Gerdau, Itaú Unibanco, Sanepar and Santander	**[7 companies]** CCR S/A, Copel, Ecorodovias, Redecard, TAESA, Telefônica Brasil and Ultrapar	**[6 companies]** BR Malls Participações, BR Properties, Cetip, Guararapes, NET and Vale Paranapanema

The combination of *Broad Understanding* and *High Commitment* covers 25 companies of the sample selected. In general this category is remarkable for the large participation of companies whose activities are of high social and environmental impact, especially the sectors of mining, energy, gas, water, pulp and paper.

The combination formed by those firms presenting *Broad Understanding* and *Medium Commitment* includes 11 whose CSR actions, although their discourse is strongly engaged to CSR issues, are restricted to training employees, managing emission of green-house gases, and reducing solid residues and energy consumption.

In the combination *Broad Understanding* and *Low Commitment*, we see four companies that share the low quality of information provided, since they fail to identify socio-environmental actions and the values invested in CSR.

None of the companies was classified as *Limited Understanding* and *High Commitment*. On the other hand, 18 organizations fitted the category *Limited Understanding* and *Medium Commitment.* What they have in common is the fact that in their social reports they highlight their contribution to the community and their strengthening of the economy by making jobs and paying taxes.

In the category *Limited Understanding* and *Low Commitment*, 19 companies were identified that did not present clear projects and investments in their reports; the reports that exist reveal actions that are poorly articulated and not committed to the theme. The companies included in this combination present little or no practice in the sphere of CSR.

In respect to the category *Confused Understanding* and *Broad Commitment*, 10 firms appear here, most of them from the financial sector, which suggests that these organizations, despite investing in CSR actions, do not report these in full. On the other hand, the categories *Confused Understanding* and *Medium Commitment* and *Confused Understanding* and *Low Commitment* are made up, respectively, of 7 and 6 companies that do not share common characteristics.

The analyses made of the social reports published by the companies indicated that the understanding and commitment of the organizations with regard to CSR policies and actions refer to economic, social, legal and ethical factors (Carroll, 1979) and that the majority of these companies emphasize the importance of socio-environmental policies and view them as instruments of social legitimization (GRI, 2012; Whetten, Rands, & Godfrey, 2002), or else a way to enhance their performances (Davis, 1973; Friedman, 1962, 1970; Frederick, 1960), and at best promote social stability (Instituto Ethos, 2012; World Business Council, 2002), which they see as a fundamental factor to enable companies to continue operating and consumers to acquire more and more goods and services (Banerjee, 2007).

IN CONCLUSION

The objective of this paper was to identify what the social reports divulged by companies reveal about their understanding of and commitment to Corporate Social Responsibility practices and actions. By means of a qualitative analysis of the content of annual reports, social reports, reports on sustainability and other documents, the 100 best companies listed in the Brazilian Stock Exchange according to their market value were assessed as to their understanding of CSR and their commitment to CSR practices. As a result, based on fragments of their discourse and lexical expressions, three categories were created in accordance with the understanding of the concept: *Broad*, *Limited* and *Confused*, and another three according to the degree of commitment to CSR practices: *High, Medium* and *Low*.

The research verified that only a quarter of the companies in the sample understand CSR in a broad sense and show themselves to be highly committed to such practices when the concept of social responsibility involves the company's values, matters of legacy, sustainability, mitigation of risks, reducing impacts, ethical and agreed commitments, development of local communities and projects of environmental recovery and preservation.

Furthermore, more than 20 companies presented deviations in their understanding of what CSR is, confusing philanthropy with business, the volunteer actions of employees with company actions, fines as investments, among other information of an ambiguous nature regarding social responsibility, at times according to the company's own interpretations.

A proposal for a future agenda for research would include the following: a) use the categories presented herein for smaller companies in order to verify if there are any changes to the conclusions reached; b) study companies by sector to check for possible alignments of understanding; c) evaluate whether the degree of commitment is correlated to the amount of investments and costs with fines, and if there is a pattern in the investments made in Corporate Social Responsibility.

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