

EVALUATING CSR PERCEIVED IMAGE IN BRAZIL AND
PORTUGAL IN THE FOOD AND DRUG RETAIL INDUSTRY

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Resumo

O modelo de negócios baseado na “teoria da agência” se mostrou ultrapassado e sinaliza que necessita de alguns ajustes, especialmente após o observado nos escândalos de 2002 que envolveram a Enron e a Worldcom, que descreditaram parte da confiança dos investidores nas Bolsas de Valores ao redor do mundo (Snider, 2003).

Nesse momento, assuntos como “ética empresarial” e “responsabilidade social corporativa” ganharam ainda mais expressão entre as grandes empresas, facto este observado pelas actividades das grandes companhias listadas na “*fortune 500*”, das quais 90% delas possuem algum tipo de actividade relacionada a proteção e progresso da posição social e ambiental em que nos encontramos (Homburg et al, 2013).

Essa tendência não é observada somente em grandes economias de países desenvolvidos, mas também em países como Portugal e Brasil. Dentro do “Dow Jones Sustaineability Index”, observa-se que 62 companhias brasileiras e 4 empresas portuguesas estão listadas nas categorias “World Universe” e “World Enlarged Universe”, demonstrando que empresas desses países possuem actividades de responsabilidade social e ambiental de grande relevância e expressão global.

Entretanto, nem todas as empresas listadas se beneficiam das vantagens competitivas que essas estratégias podem trazer, principalmente na imagem transmitida ao cliente final, e conseqüentemente aos seus resultados financeiros, já que os consumidores muitas vezes estão dispostos a recompensar as corporações por seus esforços sociais e ambientais. Esse estudo vai analisar o retalho alimentar de Portugal e Brasil, e verificar se as companhias estão a internalizar esses ganhos na imagem percebida e, conseqüentemente a aumentar seu potencial de negócio através da conquista de vantagens competitivas.

Palavras chave: Responsabilidade social corporativa; Imagem; Brasil; Portugal; Retalho; Comparação entre países.

JEL classification system:

- M14: Corporate Culture; Social Responsibility
- M31: Marketing

Abstract

The business model based on the “agency theory” might be outdated and demanding some adjustments, especially after the accounting scandals that happened in 2002 involving Enron and WorldCom, that discredited a part of the confidence that investors had on the stock markets worldwide (Snider, 2003).

These events brought into light with a stronger relevance subjects such as business ethics and corporate social responsibility inside the management world, indeed this can be observed by the fact that 90% of the fortune 500 companies have some kind of activity in protecting and improving the current social and environmental condition (Homburg et al, 2013).

This trend is not only observed developed countries, but also in countries under development such as Portugal and Brazil. In the Dow Jones Sustainability Index, it is observed that 62 Brazilian companies and 4 Portuguese companies are listed under the categories “World Universe” and “World Enlarged Universe”, giving evidence that those countries have corporate social and environmental activities of great global relevance.

However, not all of those listed companies get strategic benefits from those activities, leveraging the image that they have among their final consumers and thereafter improving their financial results, since consumers in the other hand are willing to reward the companies that engage in social and environmental activities. This study will analyze the food and drug retailers of Brazil and Portugal and verify if they are incurring these gains in image and therefore are leveraging their business potential, by conquering competitive advantages.

Key words: Corporate Social Responsibility; Image; Brazil; Portugal; Retail; Cross-Country study

JEL Classification system:

- M14: Corporate Culture; Social Responsibility;
- M31: Marketing

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Executive summary

Esse estudo possui dois objectivos, o primeiro é identificar se as companhias reconhecidas como responsáveis por uma das maiores instituições financeiras, a Dow Jones em parceria com a RobecoSAM também transparecem uma imagem mais responsável aos seus consumidores, e portanto, também recebem uma vantagem competitiva por sua certificação. O segundo objectivo é identificar se o consumidor consciente sobre atividades de Responsabilidade Social avalia diferentemente as empresas, ou se há algum viés na avaliação deles, tanto para as empresas certificadas como para as empresas não certificadas.

Para isso, esse estudo vai analisar a literatura e expor os termos técnicos relacionados à responsabilidade social corporativa e verificar que empresas social e ambientalmente responsáveis possuem vantagens competitivas ao se engajar nessas atividades, não só no âmbito financeiro, como também na qualidade do relacionamento entre a empresa e o cliente final.

A Metodologia foi aplicada no sector do mercado “retalho alimentar”, e as companhias listadas na “*Dow Jones Sustainability Index*” desse setor do Brasil e Portugal foram “Pão de Açúcar” e “Pingo Doce”, respectivamente. Desse modo, algumas análises estatísticas multivariadas vão ser aplicadas em uma base de dados coletada para esse fim, a fim de atingir os objectivos propostos.

O questionário foi elaborado de modo que os *Stakeholders* mais relevantes do sector estudado sejam mapeados e selecionados, e a imagem seja medida através da percepção que o consumidor possui em relação à interdependência de cada *Stakeholder* com a empresa.

Primeiramente, foi comparado se as empresas selecionadas possuem imagens diferentes do que seus competidores em cada país, e concluí-se que somente a empresa Pão de Açúcar possui uma imagem de responsabilidade superior aos concorrentes. O mesmo não foi observado para a empresa Pingo Doce. No entanto, foi observado que a imagem do Pão de Açúcar somente foi superior em relação aos funcionários, sociedade e consumidores.

No segundo estudo, foi verificado se as pessoas mais conscientes avaliavam as empresas de maneira diferente, no entanto, o segundo estudo não foi conclusivo, mas

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deu evidências de que algum viés cognitivo ou de mercado possa ter afetado o resultado final. Embora, o segundo estudo inicialmente mostre que a imagem positiva de responsabilidade social deriva da média geral dos consumidores, e não só dos mais conscientes. Foi sugerido então que novos estudos nesse sentido sejam realizados para verificar a origem dessas vantagens competitivas.

Finalmente, conclui-se que esse estudo propõe uma nova maneira dinâmica de avaliação da imagem de responsabilidade social da empresa, no qual os stakeholders variam de acordo com a necessidade do estudo, e que há diversas oportunidades de avanço e ganhos de vantagens competitivas pelas empresas analisadas, no entanto, as atividades de responsabilidade social devem ser explicadas ao consumidor final a fim de gerar conhecimento e engajamento, que, por sua vez, gera vantagens competitivas.

1 Introduction

Literature in corporate social responsibility (CSR) usually faces this issues in two different approaches: a) CSR as a strategic tool, in order to boost business and social gain, also called as corporate philanthropy; or b) Stress the ethical duties towards society, facing then CSR as a drive for corporate competitiveness (also known as strategic CSR) (Cranenburg and Arenas, 2013).

Strategic CSR focuses on the strategy of the company and possibilities of gaining competitive advantage through CSR strategies; Burke and Logsdon (1996) and Porter and Kramer (2006 and 2011), in their study, cites ways in which companies can get strategic benefits, even though it is not directly measurable. Consumers, in the other hand are prone to punish companies that engage in social actions, if they judge there are reasonable alternatives for consumption, also, they increasingly believe that companies should engage in CSR activities, and they also think that those social actions would not only benefit society, but would also bring advantages for the company itself (Becker-Olsen et. al, 2005).

But there are fewer results on the perception of these same customers regarding those issues, e.g. there are fewer studies in the literature that analyzes if companies are perceived or not as responsible by the final customer, regardless of having a sound and plausible CSR strategic policy.

This study will tries to differentiate the CSR perceived Image from companies from a given sector of the economy that are recognized as being benchmarks in the implementation of CSR strategies and measures if they are also perceived as responsible (CSR perceived Image). This may enable us to identify the most effective communication strategies for those issues, or identify if the current communication strategies used by the analyzed companies are ineffective in changing their corporate image and should be restructured.

As a second study, it will be analyzed if there are some differences in the perception of the companies between consumers that claim to be responsible in their purchase decisions and those who don't; in order to verify if different results are observed when it comes to the profile of consumer itself. Hence, the results of this study

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might be directly applicable to companies that already have a structured CSR strategy, exposing some success cases of the current effective communication strategies for this issue, since it will explore some forms of communication strategies targeted to the general population and/or to the self proclaimed responsible consumers.

Accordingly, this study aims to have impacts in three different areas of CSR: 1) The Literature, 2) The managerial area and 3) The society. This could be observed, once this is a different approach when it comes to the study of CSR communication strategies, that analyzes the direct impact that communication strategies has in consumers (both self-proclaimed “responsible” or not), and may incentivize or guide effective ways for companies to engage in such activities.

It is proven that there is a positive correlation between corporate social responsibility and corporate financial performance (Loureiro et al, 2012; Miras Rodrigues et al, 2011), and that there are positive impacts of CSR strategies in consumer behavior aspects (Barone et al, 2000; Beckmman, 2007; Loureiro et al, 2012; Porter and Kramer, 2006, 2011), and also that there are opportunities to generate social and economical gain to firms through Social Marketing, by enhancing the consumer’s image perception on with the company (Inoue and Kent, 2013).

But, an opportunity was identified when it comes to the literature analysis regarding CSR strategies, once there are fewer studies that analyze the implication and direct impact that those strategies have in the consumer’s perception of the company when engaging in social actions. This study then, aims to elucidate an area of CSR that is not studied in depth, which is evaluating the used communication strategies regarding some CSR aspects of a benchmark company in this field, and its real impact in the perceived image of the company.

This study will observe which strategies are used by some relevant companies in the food retail industry regarding CSR and their effect on the perception that consumers have regarding these companies’ CSR actions. If proven that there is a direct correlation in the perception of consumers regarding these benchmark companies, and their engagement in such activities, this study could create opportunities of investment in social marketing, benefitting both companies, by leveraging their communication strategies, and society; by creating new opportunities for investments in social gain.

Managers than, can use this study as a base of observation of the impacts that corporate social responsibility could have in the CSR image perception of their companies, and analyze if they should or should not communicate those strategies to generate gains in image perception. Social actors, in the other hand can benefit from this study since it highlights the importance of a sound CSR strategy for a sustainable company, highlighting ways in which both corporations and society can insure sustainable win-win situations on a symbiotic relationship, as well as benefit from the company's better knowledge of this relevant issue.

2 Background, Concepts and Strategies

The global scenario is increasingly changing, and now, companies have more power to influence the economic, political and social scenario of a nation. Although the Sovereignty concept for a nation's government is mostly theoretical, it is hard to argue that the globalization is impacting on a nation's administration, forcing countries to share power with each other and even with non-state actors (Weiss, 2003, as cited by Mikler, 2003). The result of this effect is a loss of Sovereignty of States, undermining the power of the governments to act in their national's interest, reducing this way the varieties of political and policy alternatives to impact the society (Milker, 2011).

In another perspective, companies can also work as powerful tools for governments in building better administrative systems, i.e. The United Nations (UN) ¹ millennium goals report (2012), values and set objectives for public-private partnerships in order to achieve their objectives for the millennium goals scenario related to problems regarding human rights. Some examples of problems that the UN are trying to solve with the assistance of the private sector is that 28 percent of the population was leaving with US\$1.75 or less per day in 2008; although primary education levels were increasing until 2004, these numbers reduced again after this period and more than half of the children without school are in Sub-Saharan Africa; 7.6 million of under-fives died in 2010; among other problems, as said in the conclusion of the UN report: "Working together, governments, the United Nations family, the private sector and civil society can succeed in tackling the greatest challenges" (UN, 2012).

¹ United Nations (2012) "The millennium development Goals", available at: <http://www.un.org/millenniumgoals/pdf/MDG%20Report%202012.pdf>

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Therefore, the boundary between what is public versus what is private is becoming blurred, affecting how the power relation between state and market actors interacts (Mikler, 2011). In order to do that, some authors argue that companies are investing, even if subconsciously, in discursive power, which involves shaping perceptions to increase legitimacy. In doing so, actors achieve their ends by influencing, shaping or determining the wants of others, through 'naming, framing and campaigning' (Fuchs, 2007) as cited by Milker (2011). This movement explains why governors are now judged by indexes and rates created by the private companies, but most importantly, it explains why Corporate Social Responsibility (CSR) is becoming more and more important to the market place, once companies are now being more recognized as important social actors, accountable for not only for the negative externalities that they create, but also for the positive ones that they should be creating.

Besides that, it is observed that companies and the government were created in order to satisfy the population's demands, but the relationship between user and provider is different in both cases, since companies have, in many scenarios, a closer relationship with the society, in addition the modern consumer has higher expectations in regard to the company's bottom line, expecting this way that the organization bring not only profit for their shareholders, but also act honestly and socially responsible (Kreng and Huang, 2011).

All of these responsibilities though, are not given only to the governments and customers, but activists, and even media, are holding companies as accountable for the social consequences of their activities (Porter and Kramer, 2006). Understanding the effects and the importance of those issues, by introducing thoughts and actions into the strategy of the business is an important factor to the organizations, within this paradigm shift.

This way, companies and State have to coexist in the global scenario creating a symbiotic relationship in order to reconcile with each other's interests (Milker, 2011). In this same scenario, it is observed that companies are held responsible for the negative externalities that they are causing in the society. CSR Policies than, are usually faced by companies as, a moral obligation, sustainability, license to operate, or even reputation (Porter and Kramer, 2006).

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The Result of this interaction, according to Kreng and Huang (2011), is that the government imposes social regulations on companies in terms of public policies, to get more control of the market functions and to increase economic efficiency. With this observation, it is clear that a cycle of symbiotic relationship between corporations and government is formed having as one of their main interaction components the CSR strategies and public policies. The accountability directed to those companies, nonetheless, can enhance or distort behavior, incentivizing companies to make believe that they are having responsible actions, instead of achieving them in a sustainable and ethical manner (Margolis and Walsh, 2003).

Besides, although companies are held responsible for their negative externalities, some authors argue that organizations can leverage their business by attracting and retaining qualified employees, lowering costs of production, increase demands for products with reduced price sensitivity, better marketing strategies, attract a segment of the market composed by socially conscious consumer and by leveraging your business strategy and competitiveness by correlating these strategies with the organization's core business (Loureiro, et al., 2012; Porter and Kramer, 2006).

Furthermore, in one hand, companies might have an organizational goal of creating and maximizing wealth, but in the other hand, they may represent the last resource into achieving social objectives (Margolis and Walsh, 2003); hence the importance of this issue on nowadays marketplace scenario.

Business are increasingly being faced as a major cause of social, environmental and economic problems, once there is a perception that the companies' prosperity is being traded for the well being of the general community (Porter and Kramer, 2011). In parallel, it is observed that the number of firms with social responsibility program grew significantly in the last 10 years, in 2013; more firms started communicating those strategies to the public using specially the internet i.e. 90 % of the fortune 500 companies has some strategy in CSR announced to their stakeholders (Homburg 2013); consumers are more aware of the company's wrongdoing and are increasingly punishing them economically when those practices are enlightened (Snider, 2003; Becker-Olsen et al 2005).

In order to reach the goal proposed in the introduction, it will be presented a literature review with an analysis of some key terms regarding sustainability and CSR

and some of the studies that led me into the problem in hand. Besides that, it will be analyzed some of the strategies that companies are embracing regarding those issues. After this analysis, a listing of advantages and disadvantages of the CSR strategies will be given, by listing some of the studies that tries to correlate CSR strategies with financial performance, aspects of consumer behavior, and some other advantages from this issue. This analysis is intended to provide to the reader a base of knowledge for the study in hand with theoretical proven statements and analysis, which verifies if these strategies are beneficial for the company's traditional bottom line, and how they could influence them.

2.1 Key concepts

Before going to the direct statistical results of this study, it is important to give some definitions that will be used further ahead in this study once it is necessary to define the key terms of it, in order to give directions and base it in a solid scientific base. In this case, the definitions that will be given here are: Business Ethics, Corporate Social Responsibility, Corporate Philanthropy, Sustainability and Sustainable Development, and Green Marketing.

2.1.1 Business Ethics

Ethics was described in the literature in various ways, but in a combined interpretation of it, it is possible to observe that this term assigns value to the actions taken by an individual or an entity, so the author can decide whether or not to engage in such activities; business ethics then is the interaction between business and ethics (Joyner and Payne, 2002).

In the past, the terms "business" and "ethics" were two issues that did not come together very often, since the standards of differentiation between companies was the quality of products, but nowadays, a larger number of companies can deliver quality products, so the point of differentiation may be changing, making these two terms come together in a way that, nowadays, it is practically required to be like that (Stodder, 1998; Joyner and Payne, 2002).

Understanding that business ethics is an important issue, not only for this study, but also for the competitiveness of companies in the marketplace, is the base of this study, since it will deliver tools to identify and evaluate some of the analysis that will be

made further ahead, as well as it serves as a base of understanding why companies engage in such activities.

2.2 Corporate Social Responsibility (CSR)

When it comes to Corporate Social responsibility, we are exclusively talking about companies, and their strategic actions regarding social and environmental issues. Some of the most common strategies and new trends of this concept will be discussed further ahead in this study.

ISO 26000 (no date)² describes social responsibility as the responsibility of an organization for the impacts of its decisions and activities on society and environment that contributes to sustainable development, takes into account the expectations of stakeholders, is in compliance with the law and consistent with international norms of behavior, is integrated throughout the organization and practiced in its relationship, practiced through transparent and ethical behavior.

When it comes to the European Commission (EC), they used to describe CSR as being “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”, but in 2011 the definition of CSR has changed to: “the responsibility of enterprises for their impacts on society”, broadening the concept even more (European Commission, 2011)³.

In terms of analysis, we'll use in this study the EC (2011)'s most recent definition to study CSR, since it has a broader view of the issue in hand and fits the study's purpose.

2.3 Corporate Philanthropy

Corporate philanthropy, also described as Corporate giving in the Literature, has been describes in many ways (Kabongo et. al., 2011), but broadly, this theme can be described as an act of allocating a part of the corporation financial gains and resources to non-profit organizations, which may include cause related marketing, sponsorship of

² ISO26000 defines social responsibility as. Available at:
http://www.iso.org/iso/home/store/publication_item.htm?pid=PUB100331

³ European Commission, 2011, “communication from the commission to the European parliament, the council, the European economic and social committee and the committee of the regions. Available at:
http://ec.europa.eu/budget/library/biblio/documents/fin_fw1420/COM_2013_98_en.pdf

nonprofit events, volunteering of workforce for NGO's, and donations, concluding this way that corporate philanthropy requires monetary or monetary-value exchanges that requires no quid pro quo (Burlingame, 2011).

One of the biggest arguments against corporate philanthropy is that, when it is not well managed, it creates a vicious cycle in which the more companies gives to charitable causes; the more it is expected from them to keep benefitting those entities in equal or superior value , especially when it comes from donations of goods or services. Besides that, there is a high difficulty level in explaining to shareholders how this donation helps the firm increase their bottom line (Porter and Kramer, 2002).

Porter and Kramer (2002), believes that this problem is avoided when companies stops focusing their charitable donations in an unfocused and diffuse manner, and starts focusing their philanthropic efforts that have more correlation to the company's core business, such as cause related marketing, combining this way social and economical gain in the same strategy. The author also argues that in the long run social and economical goals, when using this strategy, will be integrally connected in a way that the better the social improvement that is provided by company is, the better is the benefit for the ones who t invested in this structural change.

Another problem with that strategy though, is the "free rider" one, basically, this means that, if a company invests in social gains strategically and generate gains by improving to the society better conditions, the companies that are also included in this society, will have also those economical gains, this may include competitors, for example. This problem, although true, have some limitations which are: 1) The social gain will only benefit companies that shares the same location; 2) Not all contextual advantages are equal to all competitors and 3) The company that practices these philanthropic strategies will have a larger share of the gains, since it will create a superior relationship with these segments (Porter and Krame 2002).

2.4 Sustainability and Sustainable development

There are numerous definitions for sustainability in the literature, since it is very wide and reaches large areas of the population and the marketplace. But common ground can be identified in all of those definitions of sustainability, since all of them also include the discussion of: Living in the limits of what environment can provide;

understanding the many interconnections between economy, society and environment; and finally, equality on the distribution of resources and opportunities (NSW, 2013)⁴.

The study of sustainable development (SD), is very much confused with the term of sustainability, since they overlap in various aspects, but this term became even more popular when a report by the World commission on sustainable Development published their article “Our common Goal” (1987), defining this issue as being a: “development which meets the needs of the present without compromising the ability of future generations to meet their own needs.”.

Dam and Trijp (2011), in their study, argues that different parts chooses to describe SD and sustainability in different ways, since it have different implications and focus i.e. NGOs and Government, chooses to follow the World Commission on Environmental Development definition, that defines sustainability as being a balance of the current customers with the future generations, defining this way the concept as a tradeoff between the known present customer, with the unknown future one.

But when it comes to the management area, in average, this concept is faced in the triple bottom line concept that will be described further ahead. But in short words, Sustainable Development is the concept of balancing the needs of economical returns, social and environmental factors as well.

2.5 Green Marketing

Peattie (2001), proposes a three step evolution in the green marketing concept, indicating that the development of the knowledge about the interaction between the economic and environmental field has evolved, and with them, the concept of green market should evolve as well. All of these stages proposes one perspective that firms maybe facing those strategies and represents stages with various implications to the marketing department of firs.

In the first level, called “ecological green marketing” Peattie (2001) argues that companies focused in specific environmental issues such as recycling, or air pollution. Firms then, focused in strategies to comply with the legislation, facing green strategies as a constraint to business. The second level, also known as “environmental green

⁴ NSW Defining sustainability (2013), available at:
<http://www.cleartheair.nsw.gov.au/sustainability/index.htm>

marketing”, initiated with the emergence of the concept of sustainability, in the 1980’s (in which the definition was already addressed), and the evolution of green technology allowed companies to cut costs by decreasing waste and pollution.

Also, in the second level, it was observed the emergence of a green consumer, who avoided purchasing products that harmed the environment somehow, thus, companies could use those green marketing strategies as a competitive advantage; therefore, facing the green marketing issue with only the compliance perspective, in some industries, may be faced as a risky strategy.

Finally, the third stage, the “sustainable green marketing”, companies should stop focusing in reducing environmental damage and start moving their efforts in order to create a sustainable operation. This third level though, according to the author, is not fully reached, since it requires a big structural change in the relationship between companies and consumers, that will only be possible with the cooperation between companies (even competitors), and a combination between legislation, taxation, consumer action, innovation and corporate leadership.

Successful Marketing strategies has always been about recognizing trends and positioning products, sustainable business in the other hand, moved from a simple trend to a mindset of business model. This concept reached such level that some companies incorporate those practices into their core business and are offering solutions for consumers that are sensible to this issue (Veluri, 2012).

The term Green marketing then, denotes the activities intended to generate or facilitate the exchange products that satisfies need of the consumers, with a minimal impact on the environment (Karupaasamy, 2012).

2.6 General Strategies for CSR and Environmental Management

2.6.1 The Triple Bottom Line

In the simplest terms, the Triple Bottom Line (TBL) focuses on corporations, but goes beyond the economic value that they add, but also focuses on environmental and social value that the organization brings or destroy. According to Elkington (2004), companies pass through a chrysalis evolution process, when it comes to the triple bottom line insertion, from corporate Locust, to caterpillars, butterflies and finally, honeybees.

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A corporate Locust is the most destructive one, and they act like this throughout their entire lifecycle, those companies are the responsible for destroying social and environmental value and undermining the value of long term growth. Those companies are incapable to foresee negative system effects and tend to overwhelm the capacity of social systems, ecosystems or economies, trading off long run gains with higher short term financial, social and economical benefits.

When it comes to corporate caterpillars, they are also destructive, but their impacts are more localized. These companies are also operating under a business model that is unsustainable over the long run, but shows some potential for transformation into a more sustainable state.

The corporate butterflies are usually smaller companies such as Ben & Jerry's or the Body Shop. Those companies have a strong commitment to CSR and sustainable development agendas, and are increasingly creating symbiotic relationships with other social actors, creating value by improving the social and environmental conditions of their stakeholders.

Last but not least, the corporate Honeybees are the most common one and are the ones that usually entrepreneurs and investors will tend to become in the future years. Although the honeybee has the capability to attack like a locust, the impact caused by this company is not only sustainable, but also regenerative, since it based on a sustainable business model with a long term focused production of natural, human, social, institutional and cultural capital.

In other words, the triple bottom line defines that companies should act in planned ways to obtain long term success, by avoiding thinking in the short term actions that creates worse social and environmental harm. But this principle is in its best use, if the corporate strategies of profit maximization overlap with the social and environmental protection needs of the society (Porter and Kramer, 2006).

2.6.2 Bottom of the Pyramid (BoP)

Idealized and conceptualized by Prahalad and Hammond, this strategy focused on offering solutions in forms of products and services to the bottom of the economical pyramid. The authors argue that there is an untapped Potential in those markets, since the majority of firms focuses in servicing customers from the middle or upper classes

(Prahalad and Hammond, 2002). The authors explains that, because of this, the barriers in entry on this market is lower, since the competition is lower, also this market, although represents a share of the society with lower purchase power, can consume products or services as a group in scale and generate wealth for companies.

This is an opportunity for companies to “doing well by doing good”, since in its essence, the operations of the company that targets to the BoP will be related to the most deprived layer of the society, and their products could be used by this population for enhance their quality of life.

But there is an ethical issue that must be taken into consideration when analyzing this strategy, since this is a vulnerable market, with less access to information and education; these issues should be embedded in the company’s mindset from the conceptualization of the product (producing appropriate products for this segment), until the purchase moment (considering fair pricing and accessibility of them), furthermore, this strategy could represent large sums of profit for companies and a general improvement of the well being of the society (Davidson, 2009).

2.6.3 From Green to Blue

The “from green to blue” strategy, is based on the premise that changing the values of the companies and integrating sustainable practices into their core business, value, and everything that is related to the company, from the supplier management to the communication strategies, can create a composed and coherent sustainable business strategy (Anon, 2010).

The name was inspired by the Bob Isherwood, who described as the “blue innovation” these movements that companies are making towards sustainability. The explanation of the “Blue color” regards the ocean and the expansion and power that it has. This metaphoric expression explains this way, the reach that the sustainability theme has within the market place, and the impact that it could have in all of its stakeholders.

The major idea of this concept is based on the proposition of rethinking the entire strategy and values of the company, and interacting in a sustainable way with all the players of the market, capacitating suppliers, employees and managers to offer a product with a sustainable approach. Hence, the entire supply chain and all of their

stakeholders, such as customers and the employees of the company, would be intertwined in this strategy, creating value in the entire production and commercialization process.

2.6.4 Strategic CSR and Creating Shared Value (CSV)

The strategic CSR and CSV are concepts created by Porter and Kramer (2006 and 2011). Both are related to integrating the sustainable and CSR practices into the core business of the company, using those CSR Strategies as a competitive advantage. The authors argues that a healthy society creates an expanding demand for business, but at the same time, society needs healthy companies to generate jobs, wealth and innovation, creating this way a mutually dependant relationship between them.

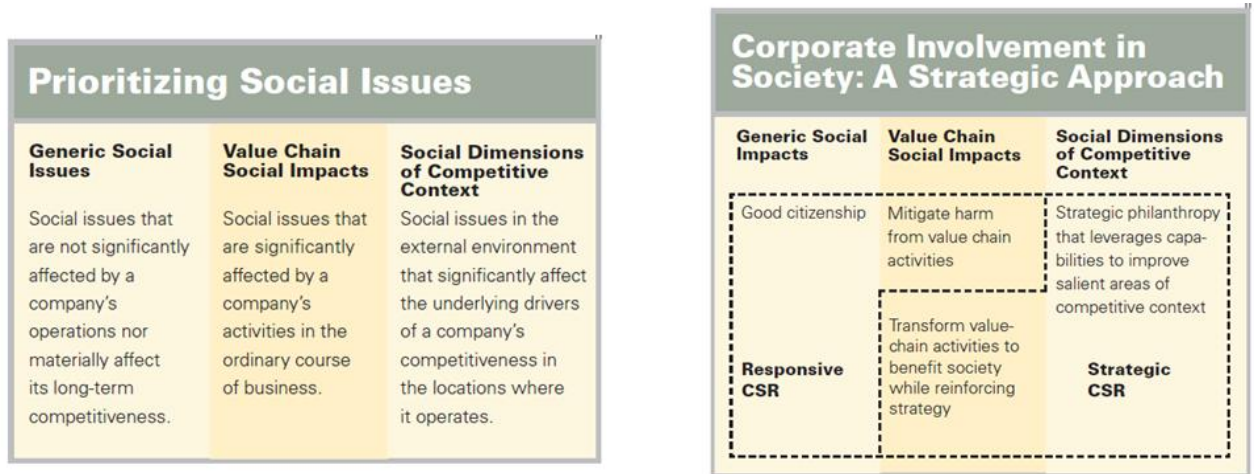
This strategy proposes a change of paradigm in which leaders from the managerial and civil society stop focusing on the friction between each other and starts focusing on their points of intersection and their capability to generate win-win scenarios. This way, the basis of the relationship between corporations and society, should follow the principle of shared value, in other words, it should benefit both sides therefore, including a CSR approach in the company's general strategy and operations, should not only generate social and environmental benefits, but also financial gains at the bottom line (Porter and Kramer, 2006 and 2011).

An example of that issue, exposed by the authors, is that companies begins to understand that marginalized suppliers cannot sustain economically in the long run, and much less, improve the quality of the offered products. But if there is a combined action between the company and supplier, in which technologies are shared, trainings are given, financial support is offered, among others; This investment could transform the relationship between company and supplier, since these actions can improve the supplier's productivity and the quality of their products, hence, the company would be collecting a higher quality raw material for their final products, as well as engaging in a healthier relationship with one of their key stakeholders and securing their long term productivity.

A prepared manager should follow these steps to achieve the strategic CSR: a) Identify points of intersections between the company and the society; b) Chose which social issue to address; c) create a corporate social agenda and d) integrate those practices.

There are three types of social issue according to the authors, and two respective types of CSR strategies; the table above illustrates them according to the framework proposed by the authors.

Image 2.1: CSR types and Strategic CSR



Source: Porter and Kramer 2006, pp. 85 and 89

Not all the issues of the society can be solved in this framework, but the authors argue that through this tool, they can use their skills, resources and management capabilities to lead social progress on the issues in which the companies have some kind of intersection with the activities of the society (Porter and Kramer, 2011), using in their advantage their improved capability of generating better results, since it uses the corporation's knowhow and competencies towards solving those issues.

Concluding this line of thought, Porter and Kramer (2011) argues that not all the profits are equal, and enhances the importance of the long term ones in detriment of the destructive short term financial gains. Therefore, this framework, according to the authors, represents a higher form of capitalism in which society can advance more rapidly while companies can grow in a faster and more sustainable way, creating this way a positive cycle of mutual growing.

2.6.5 Stakeholder Management Theory

Stakeholder theory in their broader significance represents a model that describes what the corporation is in its essence, which is, a constellation of interests from different actors that possesses intrinsic mutual value (Donaldson and Preston, 1995). Hence, the primary definition of stakeholder management is "any group or individual who can affect or is affected by the achievement of the organization's

objective” (Freeman 1984: 46 as cited by Margolis et al 2003). This theory came as a response to the principal theory, which argued that the manager’s fiduciary duty is to act in stakeholder’s interests exclusively, therefore, allocating time, effort and resources from the principal to other causes, is equivalent to wasting the principals capital (Joyner and Payne, 2002).

As companies are embedded in a society and does not act and influences exclusively the stakeholders, it is natural, that the most ethic approach, is not the principal’s theory one. Companies should cooperate with the society and environment in an ethically symbiotic manner; therefore, the various groups of interests that cooperate with the company should be taken into consideration, when it comes to managing a company (Joyner and Payne, 2002).

The stakeholder definition on the literature though, has an instrumental approach and helps the reader to visualize the bottom line of stakeholder management and also gives an applicable overview of this tool: “The stakeholders in a corporation are the individuals and constituencies, either voluntary or involuntary, to its wealth-creating capacity and activities, and are, therefore its potential beneficiaries and/or risk bearers.” (Post et. al., 2002 pp.19).

Stakeholders management is an important part of CSR strategies in companies, because this definition provides managers with a tool to not only identify what are the needs and wants from the society, but also, helps managers identifying which of these issues could be embodied in the form’s products or services. But this tool requires constant analysis, of the market and the opportunities, because the scenario in which each stakeholder is embodied changes constantly with new technologies, economical development or even a societal priority shift; and analyzing constantly those issues may help companies to discover new opportunities for repositioning their CSR actions (Porter and Kramer, 2011).

Therefore, the most useful approach of this theory in regards to this study is not a descriptive one, but managerial. The descriptive approach is very general, and helps understand some of the managerial implications, which is a base of creating recommendations of attitudes structures and practices, that together forms the basis of stakeholder management. And so, managers should be alert and acknowledge the validity of these stakeholders, not only for the strategic value that this framework has,

but also for the moral requirement and for the legitimacy of them (Donaldson and Preston, 1995).

One common critic about the Stakeholder management is that, lots of groups of interest can be affected by a company's operation, making it hard to manage and identify all of them. Along this study, a framework proposed by Mitchell et. al (2011) will be presented, in order to ease this process of mapping and selecting the most relevant stakeholders for a specific company in a given scenario.

3 Characteristics of Interest

3.1 The other side of CSR

The common sense tells us that the bottom line of an organization is creating wealth for the shareholders, and CSR may be a divergent strategy when it comes to this bottom line. Since the economic account says that there should not be any CSR strategies, since it contradicts the company's bottom line at first sight, (Margolis and Walsh, 2003), this approach from the CSR issue will be analyzed in this study.

Margolis and Walsh (2003), in "Misery Loves companies" exposes in their analysis that CSR strategies can be contested in two different central concerns: Misappropriation and Misallocation of resources.

When it comes to misappropriating resources, the authors demonstrates that managers, when engaging in such activities, may be diverting reserves from their legitimate place (in hands of shareholders or employees) and investing in activities that are not related to them.

And when it comes to misallocating resources, they expose the idea that the best investment for companies may not be social initiatives and that they would be better allocated somewhere else, claiming that companies, when investing in CSR are "using the dishwasher to wash clothes".

One of the most influential and analyzed articles written against CSR activities is Friedman's (1970) "The social responsibility of business is to increase its profits". In this article, the author severely criticize CSR strategies for companies, arguing that the only stakeholder that a manager have to be concerned is the employees, stockholders and customers, since those are the ones that establishes the corporation.

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The author also argues that managers have to take into consideration the legality that is imposed by the State, and use that as a basis for ethical behavior; allocating resources towards CSR actions might not be acting accordingly to the company's benefit, but it is equivalent to spending someone else's money into a social cause.

If managers have the desire to help and improve the social scenario, they should do it with their personal reserves, acting as a principal in social change and not an agent, in actions that he regards as worthy. Since companies are artificial beings, they should not have responsibilities in the social area; this type of action therefore should be exclusive for individuals, and not business.

Concluding this way, that if a manager is being responsible at the eyes of the market, he is not necessarily servicing the most important parts of a company (customers, stockholders and employees) in a rightful way, since he is spending their money, in a way that they might not necessarily do.

Porter and Kramer (2002) question Friedman's argument by stating that he had two assumptions that are not necessarily true, which are: a) economical and social activities are unrelated, so social gain will always come from the expense of some economical loss for the company and b) Charitable donations from individual donors have the same impact as donations from corporations.

The authors, concludes that these assumptions are valid for some organizations, and they are held true if only their social strategies are unfocused and fragmentary. In order to avoid this result in social investments, the author suggests that companies uses charitable efforts in the competitive context, creating a win-win relationship between social and economical goals; thus, contradicting Friedman's statements.

Also, when Friedman argues that investing in social actions is, ultimately, investing in something that a stakeholder wouldn't; it can be concluded that, although their view is very important to the company, this group not always can understand the corporation capabilities, such as positioning strategies, trade-offs, and corporate image (Porter and Kramer, 2003).

Another aspect that has to be taken into consideration, when it comes to the negative approach of CSR, is that these strategies sometimes are not entirely voluntary, and that companies are force to implement those strategies when surprised by the public reaction to issues that, in the traditional business model, were not their responsibility.

Then, once these companies are conscious about those issues, sometimes, their actions are cosmetic, influencing activities such as “green washing” (Porter and Kramer, 2006).

3.2 Advantages of adopting a CSR strategy

According to Porter and Kramer (2006), there are 4 justifications for CSR actions in companies: The moral obligation; sustainability; license to operate; and reputation. The Moral obligation justification argues that companies should “do the right thing” by achieving commercial success using ethical values and respecting the society and the environment. The sustainability reason, argues that environmental and community stewardship should be implemented in organization’s daily operations. License to operate derives from the notion that all companies need some kind of authorization from authorities and society in order to do business; and finally, reputation is tightly related to the company’s image, giving strength to the brand and raising the value of the stock (Porter and Kramer 2006).

Those justifications, although important might serve only as a starting point for a deeper study of the advantages of adopting or not a CSR strategy. Thereafter, in this study, some proof of the importance and the advantages of a well implemented CSR strategy will be briefly described by 1) verifying if there are any positive correlations between a firm’s social and environmental bottom line with their corporate financial performance; 2) Analyzing the impact of CSR strategies in the purchase decision process; and 3) Explaining some other advantages that companies can obtain, by adopting social strategies.

3.2.1 Corporate Social Responsibility (CSR) and Corporate Financial Performance (CFP)

One of the most important bottom lines of the organization is related to the fact that companies should organize themselves to create strategies and actions that will bring financial return for shareholders; otherwise, the organization cannot survive.

Given this fact, this is a theme that is deeply studied by the academy, with a very wide variety of studies that tries to correlate CSR with CFP, if there is a proven positive correlation between both variables, it opens up the possibility to study and to understand the business role that each one of those companies have within the market regarding CSR; besides that, if there is a proven positive correlation between those variables, there

is a scientifically proven basis to explain and justify the adoption of CSR strategies inside companies. Furthermore, it is important to understand that even though CSR actions have a positive impact on the Reputation and/or the operations of the company, once the enterprises that use those strategies must express in their financial reports to shareholders positive results and growth in order to survive the marketplace and continue their daily operations.

Naturally then, there is a curiosity to understand and analyze if there is any relationship between the company's financial performance with their social and environmental ones. This way, there is the possibility to reach and understand if this social performance can actually impact positively in the company's results, given the scenarios shown before.

In the literature, there are extensive studies that verify this relationship, so, in order to reach a more powerful result, some authors realized some meta-studies (compilation of different statistical analysis into one) of different articles, and reached positive conclusions.

There is a relevant meta analysis in the literature that testes if there is any positive relationship between corporate environmental performance (CEP) and CFP, that found a positive mean correlation of 0.062 (Dixon-Fowler et al, 2013). Another relevant study, found a positive simultaneous correlation between corporate social performance (CSP) and CFP, suggesting that the results are highly influenced by the reputation caused by the relationship between the two explained variables (Orlitzky, Schmidt and Rynes, 2003).

In order to verify as many studies as possible, the third meta analysis that will be analysed is from Sevilla's university (Miras Rodriguez, et al. 2011), which analyzes 3 different meta-studies that tests the correlation between CSR and CFP, this study consolidates some of the most relevant meta-analysis in the field, regarding the European market, and tries to link these variables, using CSR as the dependant variable.

The studies analyzed by the authors were:

Table 3.1: Revised Meta-Analysis

Analyzed meta-studies	Characteristics
-----------------------	-----------------

	Number of studies	Time frame	Location
Orlitzky et al. (2003)	52	1972 – 1997	EE.UU.
Allouche and Laroche (2005)	82	1972 – 2003	EE.UU. and UK
Wu (2006)	121(39)	1975-1999	EE.UU.

Source: Mira Rodríguez, M., et al. (2011) pp.125

The Authors then found that all of the meta-studies performed found some kind of direct or indirect positive correlation between the two variables, considering the CFP as the explained variable. The author also found out that if CFP is considered as a dependant variable, the same results are not observed.

In conclusion, there is a positive correlation between the company’s financial performance and their social en environmental efforts, justifying this way that CSR strategies can be beneficial not only for the society, but also for the company, and that the symbiotic relationship between them can be established in a win-win scenario.

3.2.2 CSR strategies and Consumer Behavior

There are diverse studies that correlate CSR and various aspects of consumer behavior. As a starting point, we can observe that a company’s support for a social cause can influence positively consumer’s choice (Barone et. Al. 2000). But understanding the relationship that CSR strategies has with the customer and their purchase process can give insights of why CSR can be positive for a company.

Loureiro et al (2012) i.e., exposes that although some elements such as “empathy of sellers, support staff and perceived quality” are crucial to consumer satisfaction, the company’s actions towards a social cause has a positive correlations regarding consumer’s choice in the automobile industry in Portugal.

A meta analysis that should be highlighted in this study is Beckmanns (2007)’s; the author gathers diverse studies that relates CSR and Consumer Behavior theories and inserts them in a framework of the stages in the consumer decision making process: Need recognition – information search – Evaluation of alternatives – purchase – post purchase – disposal.

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In the “need recognition level” it was concluded that the majority of consumers has some level of interest in CSR strategies, although they do not have that much knowledge in the activities that each company practices.

When it comes to “information search” it is observed that consumer’s have a favorable attitude towards responsible companies, and will give them more credit when considering the purchase of a product or service, those aspects however, are weighted with other aspects of this step of the process, such as price quality relationship.

On the “purchase” moment, it was observed by the author that previous studies indicate that consumers are not willing to compromise on core product attributes, such as price and quality, but they are more willing to commit to a brand, when they practice CSR activities.

Finally, on “post-purchase experiences”, a negative experience with the product will prevent the customer from re-purchasing the product or service regardless of the company’s CSR activities.

Those discoveries, although important to understand the relationship between CSR and consumer behavior should be balanced with some situational variables that customer’s take into consideration when purchasing their products. Those variables are “perceived corporate motive” and “perceive corporate fit” (Becker-Olsen et al, 2005).

Becker-Olsen et al (2005), in their research, stated that companies that has little similarities between corporate mission and their social actions (“low fit”) have a higher probability of having their corporate credibility perception, corporate position and purchase intention jeopardized. In the other hand, forms that are perceived as focused on corporate traditional interests (i.e. profits and cost reduction) do not suffer from this bias. This statement confirms Anon (2010) in “Beyond Green” and Margolis and Walsh (2003)’s studies in the importance of embedding social actions into the corporate mission and values.

The second variable proposed by Becker-Olsen et al (2005) is the “timing”. The author proposes that customers, punishes “high and low fit” companies according to the timing of these actions in the first place e.g. when customer assign blame to one company only after an social or environmental issue takes place, they are more inclined to question the reason of that action, arguing that companies should have acted earlier in

order to avoid the occurred problem, by questioning the motives that led the company to choose to engage in those responsible actions in the first place.

As described previously, CSR is a multidimensional and complex field of study, because it involves a great range of interests, definitions and strategies. Also, CSR challenges some of the basic management concepts, such as focusing attention and resources exclusively on customers, employees and shareholders as well as the Agency theory. Another aspect that might influence the customer purchase decision process when choosing a product or service is the image that the company transfers to their customers.

CSR actions suggest structural changes and embedment of organizational changes on values, and mission of a company, in order to act responsibly in the market place. Inoue and Kent (2013), tries to identify the influences that corporate social marketing (CSM) have in corporate financial performance, measuring then, the influences that CSM credibility and value congruence has on customer loyalty; And the authors reached the conclusion that consumer formulate their perceptions of CSM accordingly to the credibility based on marketing strategies, cause and corporate attributes.

Also, Inoue and Kent (2013), reached the conclusion that CSR credibility increases the ability of the company to persuade consumers and generate engagement from them into a social cause, hence, the authors conclude that there are opportunities in CSR actions that would implicate in social and economical gain, not only through their operations, but also through the image created with the customers.

This study will focus on communication strategies in companies that already passed through this embedding process and practices proven effective CSR strategies, also this might be useful to identify some of the communication strategies that are used by them, in order to gain competitive advantage (Porter and Kramer, 2006 and 2010), by being recognized by the public as a responsible company, and receiving an advantage on the consumer behavior level of interaction as described above.

3.2.3 Other positive aspects of CSR

In order to evaluate if the CSR strategy is not only beneficial in the long run, but also in the short term, it will be analyzed some of the trends that the market have been

expressing, especially in a time of crisis. Flatters and Wilmott (2009), in their trend study, argues that some movements will change in the recession surrounding, such as the “green consumerism” that, once it is deeply rooted in consumer’s mindset, will continue to grow, but slowly; and the “ethical consumerism” (fair trade, locally produced products, among others) may stop growing in this scenario, but as soon as the recession is over, it will continue to grow. This information is important to the analysis of the project since it may have influences in the differences between Portuguese and Brazilian Scenarios, once Portugal was affected by the economical crisis in a larger scale than Brazil.

Another aspect that should be taken into consideration when analyzing CSR strategies, is that businesses now a days, are seen as a major player in addressing social problems, such as lack of infrastructure and services (Valente and Crane, 2010; UN 2012), this way it is observed that there is an attention focus on companies in light of this public responsibility.

Having a structured CSR strategy could be an advantage for the company as stated in this study, putting together this fact with the constantly changing scenarios in which new technologies emerges and new stakeholders are identified. This means that companies, if investing in CSR, can discover new CSR opportunities and, therefore, new advantages in the competitive scenario.

One example of this advantage is that companies by investing in environmental performance can enhance resource utilization reducing this way some fixed costs for the company. This optimized resource utilization, on the other hand, reduces the speed in which the landfills get full, creating this way some shared value for the company (Porter and Kramer, 2011).

Finally, we can observe that there are a lot of positive incentives for a company to engage in social and environmental activities, if only those activities are related to their core business and operations, since it was observed that consumers may not respond positively if they do not have the perception that those actions are truly altruistic (Becker-Olsen et al ,2005).

3.3 Boundaries

After the analysis of the positive aspects of CSR, it is possible to create a misconception that efforts and capital must be allocated in the same intensity to CSR and to the economical outlook from a company. Although companies have obligations and responsibilities that go beyond generating positive economical outcomes to shareholders, this does not mean that managers should be focusing the same amount of effort and resources to those issues, once the survival of the average company depends fully in their capability of generating wealth (Margolis and Walsh, 2003).

According to Margolis and Walsh (2003), there are two sets of boundaries that have to be taken into consideration when analyzing the tradeoffs between CSR and direct wealth generating investments, the first one, protecting the recipient of the aid, and the second one, protecting the firm's capacity to perform their primary functions.

The first boundary proposed by the authors, is related to the protection of the groups of interests that are receiving an aid. The authors argue that, for example, companies should be able to reduce the dependence that those groups have towards the firm, by capacitating them, to be sustainable and survive without the company's intervention in the long run, instead of generating a scenario in which the dependency from the society towards the company increases, by providing this way assistance to those stakeholders in an unsustainable manner.

The second boundary, protects the firm, by prioritizing the capacity of the firm to perform their primary function (i.e. producing goods, providing services and generating wealth), yet, only the capability of performing those activities is protected, since if companies, by reducing their productivity, can impact positively in society, managers should take into consideration this aspect under consideration and evaluate the best alternatives for all of the involved stakeholders and the company.

In the other hand, if reducing social and environmental impact, affects the firm's capability to be profitable or productive, there is no point in having the relationship in the first place, undermining this way the possible interdependence connection created by them. Although there is the call for a firm to look beyond profit maximization and compliance, and target their actions in a more responsible way because "it's the right thing to do", if a win-win scenario cannot be created, there is no approach to this issue

that does not harm the company's capability to compete in the marketplace (Davidson, 2009).

4 Methodology

Once all of the strategies and definitions are explained, and the positive and negative scenarios are defined, it is important to define then some of the communication strategies that a company may apply in order to leverage their position in the market and obtain better financial performance utilizing social strategies. This research then will try to analyze some differences between companies with and without a CSR certification (organizations that are proven to be socially responsible) in the Food and Drug retail market in Brazil and Portugal, for the purpose of verifying if there are any differences on their image; by measuring their CSR image perception toward those companies.

Then, it is necessary to validate if the segment of customers that is said to be aware and socially responsible, are the ones who rates the organizations accordingly with the certified companies, recognizing their efforts in this area. Finally, if validated any difference, a verifying among those companies that are recognized as responsible, what are the marketing strategies used by them in order to reach this level of recognition.

This methodology, will explain all of the process of selecting an index for the selection of a certified and uncertified companies, a brief analysis of the selected companies based on the selected index, the sample design and the questionnaire design.

Therefore there are two propositions that will be verified a in this study:

Study 1 – Proposition: CSR Strategies influences consumer's image towards the company, regardless of their communication strategies;

Study 2 – Proposition: Consumers with high awareness of CSR evaluates company's differently regarding CSR perceived Image and general company's evaluation.

4.1 Index Selection

Based on the strategies and the points of interests stated above, the chosen index that will be used in this study in order to identify and select the benchmark companies with the best sound CSR strategies, is the Dow Jones Sustainability Index (DJSI), based

on the credibility of the regulation institutions (Dow Jones and RobecoSAM), the global character of the index and the strong and rigorous theoretical base in which the companies are evaluated, which created a acceptable fit with the purpose of this study.

The DJSI was established in 1999, in order to track the economical performance of the companies that lead the field in terms of corporate sustainability, and only 10% of the companies in each market segment of the 2500 largest companies listed in the Dow Jones Global Total Stock Market Index are elected to participate in this index, therefore, the DJSI encourages companies to intensify their CSR strategies in order to be included or maintain their position in the index (Dow Jones, 2013)⁵.

The selected companies then, in each year that they are recognized by Dow Jones and RobecoSAM as responsible companies, acquire the right of using the DJSI logo, and expose to their stakeholders their certification as an assurance of their high quality social and environmental efforts.

Image 4.1: Dow Jones sustainability index logo for 2012/2013



Source: Dow Jones website

The DJSI classification is based in the triple bottom line. Every year various multinational companies submit an application with 80 to 120 questions (depending on the market segment)⁶ based on this well known sustainability approach, once they are divided in Economical, Environmental and Social dimension. All of the participant companies are rated and ranked in those aspects, using a mathematical formula established by Dow Jones and RobecoSAM, and then classified according to this calculation (Dow Jones, 2013).

This index was chosen because:

⁵ Dow Jones Sustainability World Index Guide, 2013. Available at: http://www.sustainability-indices.com/images/djsi-world-guidebook_tcm1071-337244.pdf

⁶ DJSI Sample questionnaire available at: <http://www.robecosam.com/images/sample-questionnaire.pdf>

- 1) It reaches large size companies worldwide, what enabled the comparison between two countries;
- 2) It has a scoring and ranking criteria, in which only the best practices are recognized;
- 3) It is analyzed by a reliable institution (RobecoSAM);
- 4) It has a solid and reliable base, with relevant sustainability and CSR studies in the questionnaire.
- 5) It gives a certification for the members of the DJSI for each year, in a way to recognize the companies that qualified their CSR strategies over their selection process.

4.2 Analyzed companies

As cited above, each company, in order to be listed in DJSI, has to apply for the RobecoSAM annual corporate sustainability assessment and answer a list of several questions regarding their business operations, at that time those companies are classified and ranked in order to for the DJSI format.

With the objective of verifying if a company is responsible or not, this study will select the Brazilian and Portuguese companies that have are ranked in the DJSI (Dow Jones sustainability index), under the level of “World Universe” and “World Enlarged Universe”, in 2012. Using this base, only one company from each country had this level of recognition.

Then, it was selected one of the areas of the market for this analysis, in order to give more relevance to this study, the market selected was “Food and Drug Retailers” (FDR), since consumers, in average, have a frequent interaction with the company, and could, furthermore, create more perceptions about the interaction of the company with its stakeholders. This industry was also selected because of the easiness of identification and the possibility to reach their consumers in a simpler and more effective way.

Ultimately, it was identified a necessity to compare the results in different countries in order to verify if the impacts that would be observed is not limited by a certain country. Then, the selected companies were chosen from the countries Portugal and Brazil, since the sampling method used in this study is the convenience sampling, in which the probability of a higher adherence by the target population would be observed

in a higher scale. More details of the Sampling design process will be discussed further ahead in this study.

Having those aspects and limitations in mind, the selected companies that classified in the criteria above were:

TABLE 4.1: List of selected companies by country:

	Listed in DJSI	Brand's Name
Brazil	Grupo Pão de Açúcar	Pão de Açúcar
Portugal	Jerónimo Martins	Pingo Doce

Source: own

The companies that were chosen, as stated before in the study were 1) Grupo Pão de Açúcar (responsible for the “Pão de Açúcar” brand) and 2) Grupo Jerónimo Martins (responsible for the brand “Pingo Doce”), from Brazil and Portugal, respectively, and a brief analysis of the companies CSR strategies will be made in here in order to give another perspective in the analysis of the results of this study. In this analysis, we'll focus the attention into the company's internet efforts of communication, since it is expected from companies to use this platform as the vehicle of choice for companies when it comes to the issues analyzed.

There will also be an analysis of part of their operations, and their large scale communication efforts, since is through those mass media tools, that they can reach the general public and create a form of interaction with them.

4.2.1 Pão de Açúcar (PdA)

Located in Brazil, this company had a net sales revenue in 2012 of 50,924 million of Brazilian Reais and investments in the environment in R\$11,2 million (Pão de Açúcar annual sustainability report 2012)⁷.

The group reports all of their activities in a GRI format, which is one of the most complete reports in sustainability and corporate social responsibility, that has as one of

⁷ Pão de Açúcar (2012) Annual sustainability report available at: <http://www.grupopaodeacucar.com.br/ra2012flipbook/eng/>

its pillars the transparency; and bases the ISO 26000 standards for this issue. The company meets the level “B+” when it comes to this reporting, which means that they report at least 20 pre-established indicators including at least one that measures: economic, environment, human rights, labor, society and product responsibility actions; also, they hire an external auditing company that assures the reported issues (Pão de Açúcar annual sustainability report, 2012).

Their communication strategy is based on reaching the general audience by using their logo “It’s good to be happy” (free translation), and in their ads they reinforce how their products is part of a happy environment. This company includes some of their strategies on CSR in their communication strategies by including some issues like recycling in some of their jingles, that incentivizes customers to throw recyclables in the bins right after the purchase (for products with double package, such as toothpaste or cereals). In their social media, PdA shows the customers how to have a healthier lifestyle and promotes some of their ecological and social achievements.

PdA also, is one of the exclusive retailers from the brand “Taeq”, which is a brand owned by the Pão de Açúcar group, that promotes healthier lifestyle and the consumption of organic and natural products, as well as the practice of regular exercise.

4.2.2 Pingo Doce (PD)

Based in Portugal, this company has 32% of the market share in this country, and accounted 45,25 millions of Euros in gross sales the company did not report neither in their sustainability report nor their financial one what was the amount of investments allocated to the environment and society (Jerónimo Martins financial report, 2012⁸; Jerónimo Martins Social responsibility and wealth creation report, 2012⁹).

Their reporting initiatives for CSR is based on their own methodology, which classifies those investments in: “Health and Nourishment”; “Environment”; “Purchases”; “Society”; and “Employment”., explaining to the public all of their actions in these areas.

⁸ Jerónimo Martins Annual Report (2012), available at:
<http://www.jeronimomartins.pt/media/512047/2012-annual-report.pdf>.

⁹ Jerónimo Martins(2012), Corporate Responsibility in value creation available at:
<http://www.jeronimomartins.pt/media/519387/corporate-responsibility.pdf>

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PD does not have any relevant social media strategy, i.e. their facebook page was created by one of their employees and has no correlation with the company's Marketing area. Their major communication strategy is their jingle that reinforces their low price strategies all year long. On Facebook, (although it has no connection with their marketing department), Pingo Doce's unofficial page announces the promotions and the prices of some products, and it works like a forum of discussion about the brand and some of their strategies.

In 2012, Pingo Doce moved part of their operations to the Netherlands, when part of the control of the supermarket chain was transferred to an organization based in this country. This move provided some tax incentives for the company, since the amount of tax payable in that country is lower; but the general Portuguese population, living in a economical crisis situation, faced this situation roughly, and threatened boycotts through social media and other means (Pereira, 2012; Ganhão and Ramos, 2012). Quickly after that, the company handed to their clients some flyers in order to explain the situation and to illustrate that taxes would still be paid in Portugal and that the company would still be a Portuguese owned and controlled entity (Lusa, 2012).

In the same year, in March 1st the company created a campaign that offered 50% of discount to their customers, in purchases with a superior value than 100 Euros, this mobilized the customers, that stayed in line for 4 to 5 hours in order to buy their products at a lower price; reinforcing their image and their value proposition "it is good to pay low prices". This strategy, although positive, for some consumers, was faced with some unpleasantness for some, which argued that the employees were overloaded with work (Morais, 2012).

The company, though, after this promotion was fined in 30,000 Euros by the competition agency from Portugal, for selling 15 products some products below their purchase price (Fonseca, 2013). Yet, this assessment from the government did not generated as much negative impact as the first problem related in this study.

These are important issues to take into consideration when analyzing the data, since it were recent occurrences, and were largely broadcasted for the general public. And it may affect the general results of this analysis.

4.3 Target population and sample design

This segment of the study, will be done based on the definitions proposed by Malhotra (2007 pp. 333-360), in this part of the study, it will be briefly describes the target population the sampling technique and the sampling process that this study will be using.

The target population of this study is Male and Female, “Generation Y” and “Generation X” living in Brazil or Portugal, that shops in food retailers at the year of 2013. The sampling technique will be a “nonprobability sampling, and gathering the responses in a volunteering process, in which the respondents had the power to choose if they would or would not answer the questionnaire.

This questionnaire will be answered by general Portuguese and Brazilian young people, and data will be collected using a method of convenience sampling as described by Malhotra (2006, pp.330), The selection bias will be taken into consideration when it comes to the general analysis of it.

In order to collect the data, a online questionnaire was designed using the “Qualtrics”¹⁰ website, which not only enables the user to analyze and collect the data, but also tracks the IP address of each respondent, avoiding this way double responses from people. Also, the software that will be used in order to analyze the collected data will be the “IBM SPSS 20.”, which will allow a deeper statistical analysis of the data with the tools provided by this software, that include all of the most frequently used statistical data analysis techniques.

Finally, in the statistical analysis, it will be performed a Descriptive analysis, in order to identify the public in hand, as well as a frequency one, for the same purpose. Followed by the deeper analysis of the problem in hand, using multivariate data analysis.

4.4 Questionnaire

The questionnaire in hand was designed in the essence of analyzing the image of the company regarding CSR issues and strategies, as well as identifying if the respondents considers themselves as a responsible consumer. This questionnaire was

¹⁰ Software available at: <https://www.qualtrics.com/>

created in a way that would enable the comparison of the analyzed companies within the the same segment of each country, and within each type of consumer (self proclaimed responsible, and non-responsible ones), complying with the objectives at hand.

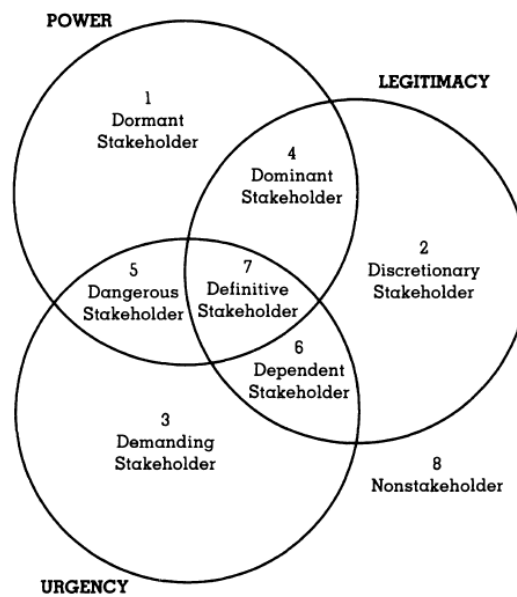
The questionnaire was based on the studies of Pérez and Rodriguez del Bosque (2012), which proposes that the best way of measuring CSR perceived Image is by using the perspectives from customers into all the relevant stakeholders that a company has. The authors argue that this approach is more effective than other since it approaches this issue by analyzing the issue in a multidimensional approach, and it is also, not content specific. Some other positive aspects that the authors pinpoint in their study are that this model is systematically analyzed for reliability and content, and it is adequate for equation modeling.

Pérez and Rodriuez del Bosque (2012), argue in their study that CSR activities are relationship-building activities with stakeholders, and that successful CSR is based in something that the company has to offer to the diverse publics that they have. This way, this type of questionnaire is valid for this analysis since it expands the focus of the analysis beyond the consumers, and analyses the diverse aspects of CSR.

But in order to validate if the authors really managed to identify the most relevant stakeholders, this study will analyze the most commonly used strategic and diagnostics tools and validate what are the most common stakeholders for companies. Stakeholder management is important in the XXI century, since there is a trend in focusing in their necessities and companies are more inclined to focus on them and in societal issues, hence the growth in importance in this issue (Snider et al. 2003).

Mitchell at all (1997), proposes a framework to identify the so called “definitive stakeholders” in a company. The author argues that those stakeholders have to have Urgency, Power and Legitimacy within a company, in order to be considered a valid definitive stakeholder, according to the tale below:

Image 4.2: Stakeholder identification framework



Source: Mitchell et. al. (1997) pp.874

We will then use some marketing and management strategy building tools to identify which stakeholders are definitive, assuming this way that, those strategic and diagnosis frameworks, are the best available tools to prepare a company strategically when it comes to the most influent stakeholders.

Strategic Planning tools were chosen because of their nature of “creating and maintaining a fit between the organization’s objectives and resources and the evolving market opportunities” (Lamb et. Al. 2013 pp. 17) e.g. strategic planning are the business tools that aims long run profitability and growth, which is the average company bottom line, therefore, these tools were chosen because of their nature and goals, with the assumption that they would include all the Definitive stakeholders of the organization.

The analysis tools that will be used in this mapping process are:

- 1) Porter 5 forces
- 2) BCG & GE / Mckinsey Matrix
- 3) PESTAL analysis
- 4) Segmenting Targeting and Positioning;

The Porter 5 forces analysis was created by Michel E. Porter (1979), in his study “How competitive forces shapes strategy”, the author suggested that the strategy of the company is shaped for 5 major market influences: “Threat of new entrants, Bargaining

power of customers; Bargaining power of suppliers; threat of substitute products or services; and the industry rivalry”

Briefly, we will analyze each force in order to identify the affected stakeholders in each one of them:

Threats of new entrants: According to Porter (1979) this force is defined by the barriers of entry, that each market or segment imposes to the company when installing new operations in this competition scenario. The most common barriers of entries are (Porter, 1979): Economies of scale; Product differentiation; Capital requirements; Cost disadvantages; Access to distribution channels and Government policies.

Having only this force into consideration, the most relevant stakeholders identified were: Suppliers, Government and Competitors.

Powerful suppliers & Buyers: The author in this force reinforces the importance that suppliers and buyers have over the company. In the case of food retailers, this is a very relevant force, since there are a wide variety of suppliers in a average food retailer, as well as buyers, that have the power to change the shops in which they purchase their products.

In these two forces, we can observe that customer, suppliers, shareholders, and competition are the most relevant stakeholders.

Substitute products: In this force, Porter (1979) reinforces the importance of analyzing substitute products, since they limit the potential of the industry. The author argues that if a substitute product offers a better price/performance trade-off to the client, they will be more inclined to purchase the substitution; limiting this way the level of freedom that a company has to change prices and availability.

Having only this force into consideration, we can observe that stakeholders like society, customers, competitors and shareholders are the most influential ones when it comes to this force.

The industry: Finally the fifth force regards the forces within the market and the competitors, using tactics such as price competition, advertisement, product development, among others, (Porter, 1979).

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Finally, the stakeholders involved in this process are the ones participating r regulating this force which are: customers, competitors, government, shareholders and society.

Another stakeholder that is inherent in all of these forces are the employees of a company since they are the ones with the intellectual power inside the companies and would make them achieve the goals for each strategy.

All of the relevant stakeholders were mapped only in the study of the Porter five forces theory, and in the other studies, a result with the same stakeholders was met. But, in order to validate this result, the same exercise was made into the remaining tools cited above, and they can be found in Attachment 01 .

This way, this study proposes including some stakeholders that were not analyzed in Pérez and Rodriguez del Bosque's (2012) study. By using this framework of stakeholder evaluation, other relevant parts were included in this analysis, in order to complete the questionnaire proposed by the author.

The mapped stakeholders were: Customers, Shareholders and Supervising Boards; Employees and Society, as proposed by Pérez and Rodriguez del Bosque (2012); besides that, Government, Suppliers and Competition were identified as relevant Definitive Stakeholders, by the proposed technique. This study then will follow the assumption that all of these stakeholders have Legitimacy, Power and Urgency within the analyzed companies and that there are no other definitive stakeholders, for the analyzed companies.

As a result, after mapping all of the definitive stakeholders, one questionnaire based on Pérez and del Bosque (2012) and Tian et al. (2011)'s studies was elaborated. And the following questionnaire about customer's perception of the company was reached:

TABLE 4.2: Questionnaire

<u>Questions</u>	<u>References</u>
Customers: a. Establishes procedures to comply with customer complaints (CT1)	Pérez and Rodríguez de Bosque (2012)

<u>Questions</u>	<u>References</u>
<ul style="list-style-type: none"> b. Treats its customers honestly (CT2) c. Has employees that offer complete information about corporate products/services to customers (CT3) d. Uses customer satisfaction as an indicator to improve the product/service marketing (CT4) e. Make an effort to know customer needs (CT5) 	
<p>Shareholders:</p> <ul style="list-style-type: none"> a. Tries to maximize its profits (SH1) b. Keep a strict control over its costs (SH2) c. Tries to ensure its survival and long-term success (SH3) d. Honestly informs about its economic situation to its shareholders and/or supervising boards (SH4) 	<p>Pérez and Rodríguez de Bosque (2012)</p>
<p>Employees:</p> <ul style="list-style-type: none"> a. Pay fair salaries to its employees (E1) b. Offer safety at work to its employees (E2) c. Treats its employees fairly (without discrimination or abuses) (E3) d. Offers training and career opportunities to its employees (E4) e. Offers a pleasant work environment (e.g. flexible hours, conciliation)(E5) 	<p>Pérez and Rodríguez de Bosque (2012)</p>
<p>Society:</p> <ul style="list-style-type: none"> a. Helps solve social problems (SO1) b. Uses part of its budget for donations and social projects to advance the situation of the most underprivileged groups of the society (SO2) c. Contributes money to cultural and social events (e.g. music, sports)(SO3) d. Plays a role in the society beyond the generation of economic benefits (SO4) e. Is concerned with improving the general well-being of society (SO5) f. Is concerned with respecting and protecting the natural environment(SO6) 	<p>Pérez and Rodríguez de Bosque (2012)</p>

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<u>Questions</u>	<u>References</u>
<p>Government:</p> <ul style="list-style-type: none"> a. It is concerned to meet all the legal impositions of each country.(GO1) b. Is concerned about the proper payment of taxes. (GO2) c. Is involved with the government in order to help communities (GO3) 	<p>Porter and Kramer (2011); Joyner and Payne (2002);</p>
<p>Suppliers:</p> <ul style="list-style-type: none"> a. Is concerned about fair trade and the acquisition of their raw materials in a fair price. (SU1) b. Makes sure their suppliers do not infringe the law in order to provide cheaper products (i.e. slave and child work, tax evasion, excessive pollution, among others). (SU2) c. Works with the supplier in order to reach solutions and generate acceptable quality raw materials. (SU3) 	<p>Porter and Kramer (2004); Reuter and Foerstl et al (2010)</p>
<p>Competition:</p> <ul style="list-style-type: none"> a. Offers good quality products, in comparison to their competition. (C01) b. Practices ethically acceptable competition related actions in the marketplace. (i.e. unfair competition, no trusting, carteling nor dumping...) (CO2) 	<p>Snider et al (2003); Joyner and Payne (2002); Stodder (1998)</p>
<p>Awareness of CSR:</p> <ul style="list-style-type: none"> a. I care about environmental protection in the daily consumption (AW01) b. I pay attention to some social issues involving firm's charitable donations (AW02) c. I buy those products that are fine and inexpensive, regardless of whether the provider is socially (AW03) 	<p>Tian et al. (2011)</p>
<p>Company evaluation:</p> <ul style="list-style-type: none"> d. X is a successful company (CE01) 	<p>Tian et al. (2011)</p>

<u>Questions</u>	<u>References</u>
e. X is a trustworthy company (CE02) f. X is an honorable company that benefits society (CE03)	

Source: own, based on the articles listed on “references” (2013)

Finally, in order to analyze some of the demographics variables that may or may not affect our study, the questionnaire will contain some questions that assure us that the respondent is in our desired population, and to segment them in some traditional demographics variables, such as:

- 2) **Age;**
- 3) **Gender;**
- 4) **Schooling;**
- 5) **Family Income per capita;**
- 6) **Country of origin.**
- 7) **Marital Status**

Some introductory questions will be made in order to analyze some of the personal characteristics of the respondents. The following questions were selected:

- 1) **In which supermarket do you shop more often?**
- 2) **Do you know if this chain of supermarket practices some kind of CSR related activities? If yes, which ones?**
- 3) **What is corporate social and environmental responsibility for you?**

All of these questions (except the demographic and introductory ones) will be measured in a 7 point base Likert Scale, in which 1 is “completely disagree” and 7 is “completely agree”. Each respondent will respond the questionnaire regarding their purchase preferences, e.g. the respondent will answer the questions regarding the supermarket in which they shop more often.

5 Data analysis

5.1 Defining Social and Environmental responsibility

In order to analyze the answers to the question “What is corporate social and environmental responsibility for you?” it was used the method of “tag cloud”, in which all of the answers were put together and word such as prepositions, pronouns, “wh” question words, introductory phrases, among others were excluded in order to form a simpler version of the answers.

Then, the online software “tag crowd”¹¹ was used in order to map all of the most frequent words, and organizing them in a tag cloud where the largest fonts represents the most common words in the responses. It was generated by this software a map with the 50 most common present words in these responses. The tag cloud can be found in image 5.1.

¹¹ Software available on: <http://tagcrowd.com/>

Image 5.1: tag cloud for the 50 most common words on “What is corporate social and environmental responsibility for you?”



Source: Own, based on statistical analysis of the collected data (2013)

It is observed that a “hands on” approach is expected from customers, since the related words to the day to day business are: “Business”, “actions”, “act”, “activities”, “promotion”, “contribution”, “development”, “help”, “protection”, “preservation”, “quality”, “impact”, “liability” and “work”. Suggesting that customers expect from companies some sort of direct actions; with a reasonable impact in the society and the environment when it comes to CSR strategies.

But then it is possible to observe that when it comes to environmental problem, the customers are educated and suggest solutions for some problems, since among the key words it is possible to find: “garbage”, “materials”, “recycling”, “reduce”, “resources”, “reuse” and “waste”. On the other hand, although finding it important, social actions did not come with solutions propositions in the majority of the answers, it was only possible to find in the cloud tag words such as “community”, “individuals”,

“life”, “live”; “generations”, “social” and “society”, no word of solutions of those problem was found in the word tag.

This suggests that consumers may be more alert to the environmental issues related to the company’s operation instead of the social ones, also observed in the CSR Awareness questions, in which AW02, had average lower values than AW01, as seen in table 5.3.

5.2 Sample descriptive characteristics

Firstly the data collected will be descriptively analyzed in order to characterize the data collected, and identify the patterns of profile of people that responded to the questionnaire. Table 5.1 shows the frequency, and the mode of the results found in each segment of the descriptive analysis of the sample.

TABLE 5.1: Descriptive Statistics

		Absolute Frequency	Relative frequency	Mode
Age	Between 18 and 22	58	24,3%	Between 23 and 32
	Between 23 and 32	145	60,7%	
	Between 33 and 42	25	10,5%	
	More than 43	11	4,6%	
Gender	Male	121	50,6%	Male
	Female	118	49,4%	
Schooling	Basic Education	3	1,3%	Bachelors degree
	High School	33	13,8%	
	Bachelors Degree	97	40,6%	
	Graduation	68	28,5%	
	Master / Post-graduate	38	15,9%	
Country of Origin	Brazil	128	53,6%	Brazil
	Portugal	111	46,4%	
Marital Status	Single	215	90,0%	Single
	Married	21	8,8%	
	Divorced	3	1,3%	

Source: own, based on statistical analysis of the collected data (2013)

There were 239 valid responses for the questionnaire and, as seen in table 5.1, it is observable that the majority of respondents are aged from 18 to 32 years old (85%), hold a bachelor’s degree (40.6%), and is single (90%). The gender and country of origin

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have a smaller scale difference within the categories, as observed. From those respondents 36% of them responded that they were aware of rather or not the supermarket where they shop have any kind of Social or environmental strategy.

TABLE 5.2: Descriptive Statistics per Country

		Country			
		Brazil		Portugal	
		Absolute Frequency	Relative Frequency	Absolute Frequency	Relative Frequency
Age	Between 18 and 22	30	23,4%	28	25,2%
	Between 23 and 32	73	57,0%	72	64,9%
	Between 33 and 42	17	13,3%	8	7,2%
	More than 43	8	6,3%	3	2,7%
Gender	Male	64	50,0%	57	51,4%
	Female	64	50,0%	54	48,6%
Schooling	Basic Education	1	,8%	2	1,8%
	High School	5	3,9%	28	25,2%
	Bachelors Degree	90	70,3%	7	6,3%
	Graduation	29	22,7%	39	35,1%
	Master / Post-graduate	3	2,3%	35	31,5%
Income (€)	Less than €500,00			10	9,0%
	Between €501,00 and €750,00			21	18,9%
	Between €751,00 and €1000			32	28,8%
	Between €1001 and €1.500,00			19	17,1%
	Between €1501,00 and €2500,00			13	11,7%
	More than €2500,00			16	14,4%
Income (R\$)	Less than R\$291,00	1	,8%		
	Between R\$292,00 and R\$401,00	1	,8%		
	Between R\$402,00 and R\$641	2	1,6%		
	Between R\$642 and R\$1.019,00	9	7,0%		
	Between R\$1020,00 and R\$2480,00	28	21,9%		
	More than R\$2480,00	87	68,0%		
Marital Status	Single	113	88,3%	102	91,9%
	Married	13	10,2%	8	7,2%
	Divorced	2	1,6%	1	,9%

Source: Own, based on statistical analysis of the collected data (2013)

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Another aspect that is important to identity is the CSR awareness level of the respondents, since it describes one important psychographic characteristic of the sample, in which it'll be able to draw some conclusions about the studied population. A descriptive analysis of this is represented in Table 5.3, in which it is observed that, in average the respondents were more prone to classify themselves as responsible consumers.

TABLE 5.3: Descriptive statistics for CSR Awareness (average values).

		I care about environmental protection in the daily consumption (AW01)	I pay attention to some social issues involving firm's charitable donations (AW02)	I buy those products that are fine and inexpensive, regardless of whether the provider is socially (AW03)
		Mean	Mean	Mean
Country of Origin	Brazil	4,98	4,06	4,34
	Portugal	4,97	4,32	4,55
Gender	Male	4,80	4,00	4,73
	Female	5,16	4,36	4,14
Age	Between 18 and 22	4,90	4,22	4,64
	Between 23 and 32	4,93	4,07	4,37
	Between 33 and 42	5,20	4,56	4,16
	Between 43 and 48	5,60	4,60	4,90
	Between 49 and 63	5,00	4,00	4,00
	more than 64			
Schooling	Basic Education	4,67	4,67	2,67
	High School	5,18	4,55	4,64
	Bachelors Degree	4,91	4,06	4,37
	Graduation	4,96	4,13	4,28
	Master / Post-graduate	5,05	4,21	4,84
	Doctor			
Marital Status	Single	4,91	4,13	4,42
	Married	5,57	4,67	4,29
	Divorced	6,00	4,67	6,33

Source: own, based on statistical analysis of the collected data (2013)

It is observed as well, in this descriptive analysis that the respondents in average, responded to the question AW02 with lower scores, which may represent that they do not pay as much attention to the company's social strategies as much as for their

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environmental ones. Furthermore, it will be verified if there are any differences between the profiles of respondents in each country.

In order to take into analyze the difference in the CSR awareness in each country, a Kruskal Wallis test was performed, and the results of this statistical analysis can be found in Table 5.5, which shows that there are no significant differences between the distributions of the level of CSR awareness in each country in this sample. Table 5.5 also compliments the results obtained in the tag cloud suggesting that consumers may be more alert and informed about the environmental issues related to the company’s operation in detriment of the social ones, since the average scores for AW02, have lower values than AW01.

TABLE 5.4: Kruskal Wallis test for CSR Awareness level, in Brazil and Portugal

	Country of Origin		Kruskal Wallis Chi-Square
	Brazil	Portugal	
	Mean	Mean	
I care about environmental protection in the daily consumption (AW01)	4,98	4,97	,464
I pay attention to some social issues involving firm’s charitable donations (AW02)	4,06	4,32	1,605
I buy those products that are fine and inexpensive, regardless of whether the provider is socially (AW03)	4,34	4,55	1,470

*** Statistically significant at 1%; ** statistically significant at 5%; statistically significant at 10%

Source: own, based on statistical analysis of the collected data (2013)

Before grouping the variables, a Kruskal Wallis test was made in order to evaluate if there are any differences in the distribution of each CSR perceived Image variable, for the companies classified or not as Responsible for the DJSI. The results, as found in Table 5.5 shows that there is a significant difference in Brazil for the variables CT4, CT5, E1, E4, E5, SO1, SO2, SO3, SO4, SO5, SO6, and CO1. The same test was

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realized for Portugal and it was found significant differences in the distribution of the variable SO3.

Table 5.5 Kruskal Wallis Test on CSR perceived Image for certified and uncertified companies, per country.

	Brazil			Portugal		
	Mean Certified	Mean Uncertified	Kruskal Wallis Chi-Square	Mean Certified	Mean Uncertified	Kruskal Wallis Chi-Square
	5,47	4,94	5,82	5,07	5,14	,0089
Treats its customers honestly (CT2)	5,35	4,99	2,09	5,19	5,09	0,093
Has employees that offer complete information about corporate products/services to customers (CT3)	5,19	4,56	6,47	5,13	5,16	0,12
Uses customer satisfaction as an indicator to improve the product/service marketing (CT4)	5,70	4,76	15,31***	5,43	5,14	0,95
Make an effort to know customer needs (CT5)	5,88	5,01	17,92***	5,52	5,35	0,05
Tries to maximize its profits (SH1)	6,53	6,14	4,35	6,04	6,26	0,56
Keep a strict control over its costs (SH2)	5,51	5,31	1,09	5,24	5,51	0,95
Tries to ensure its survival and long-term success (SH3)	6,30	5,94	4,18	6,06	6,16	0,01
Honestly informs about its economic situation to its shareholders and/or supervising boards (SH4)	5,00	4,41	5,48	4,35	4,68	0,76
Pay fair salaries to its employees (E1)	4,72	3,81	15,27***	4,09	3,95	0,41
Offer safety at work to its employees (E2)	5,19	4,58	7,03*	4,57	4,74	0,30
Treats its employees fairly (without discrimination or abuses) (E3)	5,05	4,71	1,44	4,72	4,54	0,70
Offers training and career opportunities to its employees (E4)	5,09	4,21	18,29***	4,59	4,67	0,03
Offers a pleasant work environment (e.g. flexible hours, conciliation)(E5)	5,05	4,36	8,63**	4,81	4,77	0,17

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Helps solve social problems (SO1)	4,93	3,93	14,88***	4,46	4,51	0,12
Uses part of its budget for donations and social projects to advance the situation of the most underprivileged groups of the society (SO2)	4,93	3,89	15,18***	4,33	4,60	1,532
Contributes money to cultural and social events (e.g. music, sports)(SO3)	5,40	3,91	25,68***	3,94	4,63	9,32**
Plays a role in the society beyond the generation of economic benefits (SO4)	5,09	3,88	18,58***	4,33	4,53	1,10
Is concerned with improving the general well-being of society (SO5)	5,07	3,86	19,75***	4,43	4,32	0,06
Is concerned with respecting and protecting the natural environment(SO6)	5,40	4,18	21,84***	4,57	4,19	2,00
It is concerned to meet all the legal impositions of each country.(GO1)	5,51	5,06	3,09	4,89	5,21	1,73
Is concerned about the proper payment of taxes. (GO2)	5,00	4,82	0,87	4,59	4,89	0,95
Is involved with the government in order to help communities (GO3)	4,79	4,39	4,61	4,09	4,44	1,75
Is concerned about fair trade and the acquisition of their raw materials in a fair price. (SU1)	4,35	3,82	4,080	4,02	3,93	0,13
Makes sure their suppliers do not infringe the law in order to provide cheaper products (i.e. slave and child work, tax evasion, excessive pollution, among others). (SU2)	4,79	4,27	4,28	4,74	4,63	0,00
Works with the supplier in order to reach solutions and generate acceptable quality raw materials. (SU3)	4,53	4,09	5,44	4,78	4,26	2,97
Offers good quality products, in comparison to their competition. (C01)	5,72	5,09	8,52**	5,54	5,11	2,39
Practices ethically acceptable competition related actions in the marketplace. (i.e. unfair competition, no trusting, carteling nor dumping...) (CO2)	4,53	4,67	0,24	4,57	4,84	1,00

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H0: The distribution of responses for CSR perceived Image is the same for each question, regardless if the company is classified in the DJSI or not in Portugal and in Brazil

**** Statistically significant at 1%; ** statistically significant at 5%; statistically significant at 10%*

Source: own, based on statistical analysis of the collected data (2013)

5.3 First Study: Differences in the image for companies with a CSR certification in each country

After the descriptive analysis was made, and the sample is characterized, the basis of a sound analysis of the objective in hand will be possible; Firstly, it will be analyzed if there are any differences in the image between companies in each country, verifying this way, if the CSR strategies from the companies affects the customer's final perception about them regarding their major stakeholders, this will be done by comparing the obtained results from the selected companies with all the other retailers.

But in order to group the variables in each category, it is imperative to analyze if they have an acceptable level of internal consistency reliability e.g. an analysis of the reliability of a summated scale will be performed, (Malhotra, 2007 pp.285) since the total scores of block of questions (related to each stakeholder) will be summed in order to create only one score.

The chosen coefficient to measure the internal consistency reliability for each set of variables was the Cronbach's Alpha, which is a variable that ranges from 0 to 1 in which values superior from 0.6 generally indicates satisfactory levels of internal consistency reliability (Malhotra, 2007 pp.285). The results from this analysis can be found in Table 5.6, in which can be observed that all of the measured Cronbach's alpha are superior that 60%, and therefore there are statistical justification to summate each set of variables and transform them into one.

Table 5.6 Cronbach's Alpha for each set of CSR perceived Image questions.

Stakeholder	Number of items	Cronbach's Alpha	
		Total	0,70
Customers	5	Brazil	0,78
		Portugal	0,84
		Total	0,94
Shareholders	4	Brazil	0,63
		Portugal	0,65
		Total	-0,72
Employees	5	Brazil	0,86
		Portugal	0,90
		Total	0,98
Society	6	Brazil	0,93
		Portugal	0,91
		Total	0,91
Government	3	Brazil	0,76
		Portugal	0,79
		Total	0,27
Suppliers	3	Brazil	0,86
		Portugal	0,89
		Total	0,24
Competition	2	Brazil	0,52
		Portugal	0,64
		Total	

Source: own, based on statistical analysis of the collected data (2013)

Since the Cronbach's Alpha suggests that there is internal consistency reliability, a simple average of the responses was made in order to create a single variable for each stakeholder and in order to measure the image that the customers have within the supermarkets in which they shop considering one stakeholder at each time.

The hypotheses of the first performed study is:

The same study will be performed for Portugal and Brazil, using a Kruskal Wallis non parametric hypothesis test. The results can be found in the table below:

TABLE 5.7: Results study 1

	Country					
	Brazil			Portugal		
	Mean Certified	Mean Uncertified	Kruskal Wallis Chi-Square	Mean Certified	Mean Uncertified	Kruskal Wallis Chi-Square
Customers	5,52	4,85	15,81***	5,27	5,18	0,30
Shareholders	5,84	5,45	6,05	5,42	5,65	1,46
Employees	5,02	4,33	13,02***	4,56	4,53	0,3
Society	5,14	3,94	26,3***	4,35	4,46	0,83
Government	5,10	4,76	3,27	4,52	4,85	2,31
Suppliers	4,56	4,06	5,57	4,51	4,27	0,26
Competition	5,13	4,88	1,33	5,06	4,97	0,02

H0: The distribution of responses for CSR perceived Image is the same for each stakeholder, regardless if the company is classified in the DJSI or not.

**** statistically significant at 1%; ** statistically significant at 5%; statistically significant at 10%*

Source: own, based on statistical analysis of the collected data (2013)

As observed in this study, it was found differences (the null hypothesis was rejected) only for the Brazilian company “Pão de Açúcar” in the set of variables “Customers”; “Employees” and “Society”. Suggesting that the only selected company that effectively conveys a responsible image within their customers is PdA, and that, even though they show through this image, it does not reach all of the relevant stakeholders mapped beforehand. It was observed statistically relevant differences only in the set of variables “Customers”, “Employees” and “Society”.

5.4 Study 2

In a second study, it will be analyzed if the customer’s awareness of CSR affects this image, regardless of the country, in order to verify this way, if their awareness of the importance of CSR strategies has any influence in the company’s image. In order to do that, the set of respondents was divided using a Cluster analysis regarding their answers to the questions AW01, AW02 and AW03.

The Cluster analyses, in short words, is a class of techniques that is used to classify objects or cases into relatively homogeneous groups, in such a way that objects of one cluster would be similar to each other, but dissimilar to objects from other clusters (Malhora, 2007 pp.636).

The chosen Method was the furthest neighbor, or the complete linkage, which bases the segmentation of the clusters on the distance of their two furthest points (Malhotra, 2007 pp.640). Using this method, it was formed 2 different groups, in order to validate and characterize those groups a k-means non hierarchical cluster was made and the results of the average value of responses for the 2 clusters can be found in table 5.8: The dendrogram and analysis that led this study to the conclusion of clustering the dataset into two different groups can be found in Attachment 02.

Table 5.8: Cluster characterization

	Cluster	
	1	2
I care about environmental protection in the daily consumption (AW01)	5,79	4,09
I pay attention to some social issues involving firm's charitable donations (AW02)	5,00	3,32
I buy those products that are fine and inexpensive, regardless of whether the provider is socially (AW03)	3,86	5,08

Source: Own, based on statistical analysis of the collected data (2013)

It is possible then to conclude that the Cluster 1 is formed by the respondents with the highest scores of CSR, once they are more concerned with the environmental and social protection when purchasing their products, and they are more prone to punish companies that does not practice those actions, regardless of the price.

The next step then, it is to analyze if there are any differences between the clusters of respondents regarding their CSR perceived Image perception to the companies, both selected as responsible by the DJSI or not.

As seen in table 5.9, it is possible to observe that the aware customers, evaluated the companies differently, giving higher grades for the companies in 4 different dimensions which is "Employees", "Society", "Suppliers" and "Competition".

Table 5.9: Results from the variation of CSR perceived Image for different level of CSR Awareness.

	Cluster 1 Mean	Cluster 2 Mean	Kruskal Wallis Chi- Square
Customers	5,34	4,79	7,00*
Shareholders	5,64	5,43	1,54
Employees	4,73	4,23	10,77***
Society	4,64	3,90	14,14***
Government	4,93	4,51	5,87
Suppliers	4,58	3,82	17,5***
Competition	5,19	4,64	12,05***

H₀: The distribution of responses for CSR perceived Image for each stakeholder is the same for the Aware and Unaware people.

**** statistically significant at 1%; ** statistically significant at 5%; statistically significant at 10%*

Source: Own, based on statistical analysis of the collected data (2013)

The same study then was performed one more time, this time differentiating the companies classified as responsible by the DJSI and the ones that are not classified in this index. The results can be found in the table 5.10.

TABLE 5.10: Results CSR variation of CSR perceived Image for different level of CSR Awareness for classified different types of companies.

	CSR					
	DJSI			NO DJSI		
	Mean Cluster 1	Mean Cluster 2	Kruskal Wallis Chi- Square	Mean Cluster 1	Mean Cluster 2	Kruskal Wallis Chi- Square
Customers	5,49	5,15	3,56	5,23	4,56	16,62***
Shareholders	5,64	5,56	0,01	5,64	5,35	3,18
Employees	4,87	4,50	2,59	4,62	4,05	10,65***
Society	4,97	4,17	10,22***	4,39	3,73	10,86***
Government	4,85	4,60	1,07	4,99	4,45	9,63**
Suppliers	4,79	4,06	8,03**	4,42	3,67	12,15***
Competition	5,21	4,89	2,63	5,17	4,48	12,78***

H₀: The distribution of responses for CSR perceived Image for each stakeholder is the same for the Aware and Unaware people in certified and uncertified companies.

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*** statistically significant at 1%; ** statistically significant at 5%; statistically significant at 10%

Source: Own, based on statistical analysis of the collected data (2013)

As it can be observed the null hypothesis is rejected for the responsible companies in the set of questions “Society” and “Suppliers”, for the companies that are not listed in the DJSI, the null hypothesis is only not rejected in the set of questions related to the shareholders. For the companies with no DJSI certification, the null hypothesis was rejected for all sets of variables, excluding the Shareholders.

In order to evaluate if there are any differences between Brazil and Portugal regarding this difference, two separate analyses will be made in this study, in an attempt to track the source of this difference. The results can be found in Table 5.11 and 5.12.

TABLE 5.11: Results CSR variation of CSR perceived Image for different level of CSR Awareness for different types of companies in Brazil.

	DJSI			NO DJSI		
	Mean Cluster 1	Mean Cluster 2	Chi-Square	Mean Cluster 1	Mean Cluster 2	Chi-Square
CT	5,67	5,23	2,99	5,03	4,55	5,59
SH	5,84	5,83	0,01	5,47	5,41	0,10*
E	5,1	4,87	0,87	4,46	4,11	3,97
SO	5,4	4,63	3,57	4,12	3,63	3,28
GO	5,14	5,02	0,09	4,89	4,53	3,63
SU	4,93	3,87	4,76	4,33	3,59	8,80**
COMP	5,32	4,77	4,31	5,06	4,58	5,3

H₀: The distribution of responses for CSR perceived Image for each stakeholder is the same for the Aware and Unaware people in certified and uncertified companies in Brazil.

*** statistically significant at 1%; ** statistically significant at 5%; statistically significant at 10%

Source: Own, based on statistical analysis of the collected data (2013)

TABLE 5.12: Results CSR variation of CSR perceived Image for different level of CSR Awareness for different types of companies in Portugal.

	DJSI			NO DJSI		
	Mean Cluster 1	Mean Cluster 2	Chi-Square	Mean Cluster 1	Mean Cluster 2	Chi-Square
CT	5,03	4,55	0,89	5,52	4,58	12,55***
SH	5,47	5,41	0,12	5,89	5,25	6,48
E	4,46	4,11	1,91	4,86	3,97	6,95*
SO	4,12	3,63	10,39**	4,8	3,88	9,40**
GO	4,89	4,53	0,6	5,15	4,33	6,60*
SU	4,33	3,59	2,53	4,56	3,79	4,35
COMP	5,06	4,58	0,08	5,35	4,33	8,11**

The distribution of responses for CSR perceived Image for each stakeholder is the same for the Aware and Unaware people in certified and uncertified companies in Portugal.

**** statistically significant at 1%; ** statistically significant at 5%; statistically significant at 10%*

Source: Own, based on statistical analysis of the collected data (2013)

The results of this analysis shows that the difference in analysis between the clusters are more explicit in Portugal, and that the respondents with high awareness levels, evaluated companies that are not certified with a statistically significant higher score in the set of variables “Customers”, “Employees”, “Society”, “Government” and “Competition”. In Brazil this is only observed for Shareholders and Suppliers.

Finally, with the results, we will try to observe if there is one communication strategy that is more appealing to the customer in this sector, validating this way, a possible communication base for food retailers.

6 Conclusion, discussion and implications

The results obtained in Study 1 shows that Pão de Açúcar was the only certified analyzed company that managed to have a relevant CSR perceived Image advantage in comparison to their competitors, besides it was not observed any differences between Pingo Doce’s image and their competitors, showing that, although CSR strategies are an important part in the business model for both companies, there is a difference in the communication strategies among them, and PdA may be leveraging better their CSR perceived Image position with their customers, and, consequently be acquiring more competitive advantages than PD.

But, there may be a significantly lack of knowledge in the consumer's mind about the relationship between some stakeholders and the company, and both companies could leverage their business more expressively when it comes to CSR Strategies, by communicating their efforts regarding all of their stakeholders to their companies in order to leverage their CSR perceived Image.

Study 2, in the other hand, shows us that the high CSR awareness people, tended to evaluate companies with higher scores, regardless of them being certificated or not, especially in Portugal. Considering that the Portuguese respondents did not recognize PD as being more responsible than the average company, there might be 3 possible reasons for this result in Portugal that will need further investigation in order to be clarified:

- 1) There might be another company (companies) also perceived as responsible by the final consumers, especially by the ones with high CSR awareness levels, regardless of having a certification or not;
- 2) CSR strategies in Europe, are more intrinsic in the market place, making it more challenging to differentiate each company when it comes to those issues;
- 3) Since Portugal is facing an economic crisis, there is a tendency from consumer to divert their attention from CSR strategies to focus their mind in price/quality aspects of the product or service (Flatters and Willmmott, 2009).

Another aspect that could have influenced the final result in study 2 both for Brazil and Portugal, is that there might have been an influence of cognitive dissonance in the responses, in which the people with High CSR awareness, evaluated better the companies in which they purchase their products in order to align their purchase behavior with their responsible mindset.

6.1 Theoretical Implications

It was possible to conclude several assumptions for CSR management that were exposed in this study, and contribute to the literature with some new information. One of the biggest conclusions that were observed is that the customers have to be constantly informed about the company's efforts in CSR, if they want to leverage their CSR perceived Image among their customers. Study 1 show that being certified is not enough to be recognized by the consumers as a responsible company, and that communication

strategies should be intertwined with those efforts in order to gain leverage in CSR perceived Image.

This can be done by integrating their CSR efforts with all of the operations of the company, in such a way that not only the communication process is related to CSR, but the customer, when in contact with the company, can understand that these strategies are intrinsic to the company's goals (Anon, 2010; Elkington, 2010; Porter and Kramer, 2011).

As shown by Study 1, the most effective strategies that resulted in Image improvement for PdA is related with their direct contact with the company (customers, employee and society), suggesting that "point of sale" and traditional media communications are effectively reaching the customers when it comes to informing their CSR efforts. It was observed as well that the customers may not have access to some information related to some stakeholders of the company, and therefore, they weren't able to differentiate the responsible companies on dimensions such as Stakeholders, Suppliers and Government.

And as described beforehand, Pingo Doce, was also involved in some image damaging situations with the Portuguese final customers, which could have affected the results of this study reinforcing the findings from Becker-Olsen et al (2005), by suggesting that the company have a low-fit and bad timing effect on the observed results. It is proposed then, that this study is performed in other countries and companies in order to validate if those propositions are valid globally.

6.2 Research Implications

CSR is a dynamic and complex subject, since it encompasses a variety of interests, approaches and strategies, as explained in the literature review. In order to surpass this problem, this study proposes a new framework of analysis of CSR perceived Image that aims to create a better fit of each study with their respective segment of the market. It is suggested that, when analyzing CSR perceived Image using a stakeholder framework, that the study is adapted with their most influential ones in order to achieve a better fit within the study, the literature and the managerial aspects of the analysis. This can be done, by considering and analyzing some strategic analysis tools, and complementing them according to the reality of each segment of the market.

Also, it is suggested that this study is performed in other sectors of the economy, as well as in other nations, in order to verify if the same results are found in different cultures, companies and marketplaces. Replicating this study in other scenarios, might help the literature in mapping the most efficient and deficient communication strategies, and therefore, conclude in more depth what are the opportunities of improvement for leveraging the company's CSR perceived Image.

Therefore, this study serves then as a starting point in evaluating CSR communication strategies, since it proposes dynamic framework of analysis, and permits an initial mapping of the deficient areas of the communication process of the company that intends to leverage their CSR image in the Market.

It is suggested as well, that another study is made in order to reach better assertive results in Study 2, since the results found in this study were inconclusive and need further throughout research. These results might be useful for the literature in order to identify if there is any relationship between the most aware consumers and the general CSR perceived Image of the company, concluding this way if the competitive advantages of a positive CSR perceived Image derives only from this public or from the average consumer as well. The initial results from Study 2 show that there might be evidence that these gains derives from the average consumer, as well as from the socially aware one.

6.3 Managerial implications

This study delivers a couple of propositions that requires further scrutiny in the managerial area as well, but in principle, it is possible to conclude that consumers, when analyzing CSR activities, focuses more in Environmental issues, since they have better knowledge and information available on these issues, as analyzed in the tag cloud created in this study.

As described by Porter and Kramer (2011), the evolution of technologies and the emergence of new stakeholders, creates a dynamic CSR environment, in which companies can constantly find new opportunities to leverage their business. This result shows that the companies analyzed have some opportunities to leverage their image among their consumers, regarding some stakeholders and strategies that have little to no knowledge about

There is a proven relationship then with CSR ad financial returns and Consumer behavior, if this is true, the CSR strategies should not be faced as only a philanthropic effort, but as a complimentary service for the customers and society, integrating those issues into the company's core business. Besides that, it was analyzed that the consumer (with high or low CSR Awareness level) lacked some information on all of the company's strategy. Therefore, it is suggested then, that the communication strategy used for CSR strategies, follow some of the Services Marketing principles, which teaches the consumer about the benefits that this service is providing to them, and how to participate in this process in order to obtain better results (Lovelock and Wirtz, 2007 pp. 24-25)

7 Limitations and Further Investigation

In this study, several assumptions were made in order to reach the exposed propositions, and therefore, they need to be evaluated in further research in order to verify if the results that were reached in this study were valid in all scenarios. Firstly there were the assumptions that Strategic Marketing tools are the best available tools to analyze the key stakeholders from a company, followed by the assumption that a Stakeholder based tool is the best way of evaluating rather or not the CSR perceived Image is affected, once there are some areas and aspects of the company that not all companies know or have access to, in an easy manner.

It is suggested that this study is performed with other segments of the market, other countries and other target populations in order to verify if the findings are valid for other scenarios as well. One company of this study did not communicate to their customers their Social and Environmental actions, which might have affected the results of Study 2 as well, since consumers were not fully aware of all of the CSR strategies of the company.

Also, it is suggested in further studies that the researcher takes into consideration the probable cognitive dissonance effect that might influence the data, since, once a person considers themselves as being responsible, they would probably evaluate the companies in which they purchase with higher scores as well. These effects might have influenced and biased the study, but there is no effective way of verifying this proposition on the final result.

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9 Key Terms Glossary

CFP – Corporate Financial Performance

CSM – Corporate Social Marketing

CSP – Corporate Social Performance

CSR – Corporate Social Responsibility

CSV – Creating Shared Value

PD- Pingo Doce

PdA – Pão de Açúcar

BoP – Bottom of the Pyramid

FDR – Food and Drug Retailers

10 ATTACHMENTS

Attachment 01:

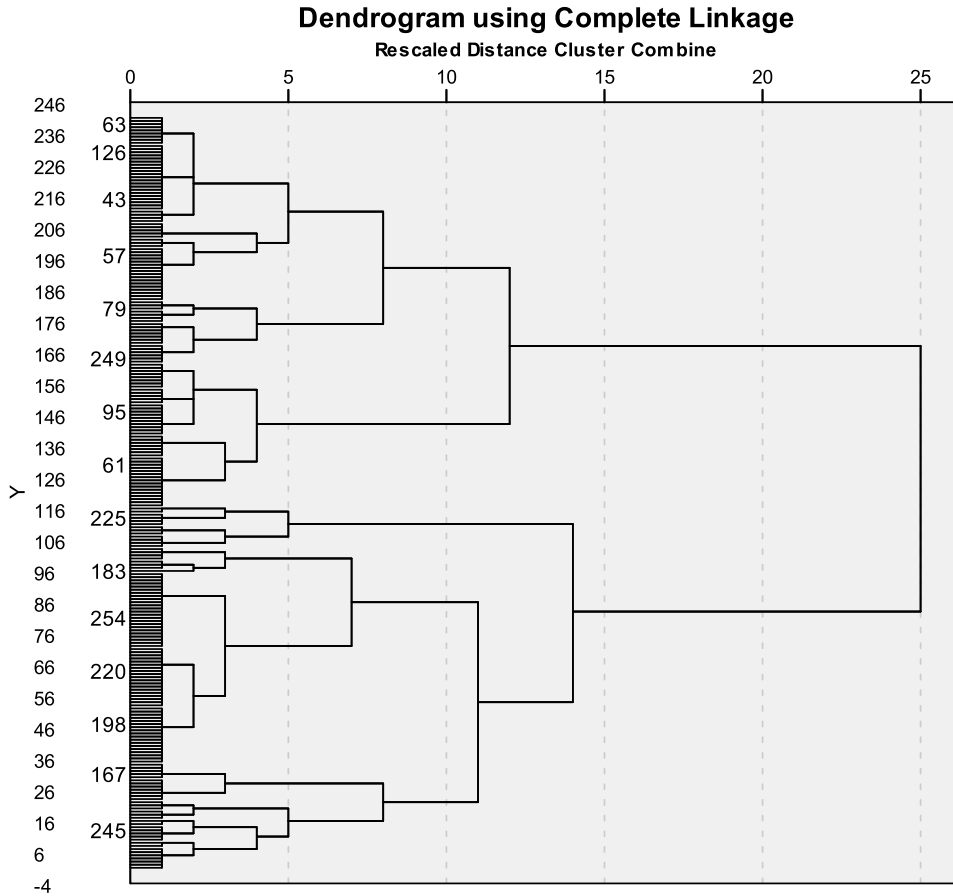
The table below, shows the stakeholders identified in each strategic Planning tool listed by the study, since the stakeholders here identified are the same as the ones listed on the “Porter five forces” strategic planning toll, these tools were taken into consideration for mapping the stakeholders, but were not decisive for the study.

Mapped stakeholders for each strategic planning tool

Strategic Planning tool	Stakeholders			
BCG & GE / Mckinsey Matrix	Customers	Competition	Shareholders	Suppliers
PESTAL analysis	Government	Competition	Shareholders	Society
Segmenting Targeting and Positioning;	Customers	Competition	Shareholders	Employees

Source: own

ATTACHMENT 02:



Source: own

Frequency table for each cluster:

		Complete Linkage			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	125	45,0	51,9	51,9
	2	116	41,7	48,1	100,0
	Total	241	86,7	100,0	
Missing	System	37	13,3		
Total		278	100,0		

Source: Own