Corporate Social Responsibility in Brazil:
A case study of the Brazilian consumers’ perception

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Total number of characters: 156.434

Aarhus 2009
Abstract

In order to succeed in today’s competitive market, companies depend more and more on how consumers perceive them in terms of socially responsible performance. After a series of corporate scandals in the last decade, it seems that Corporate Social Responsibility (CSR) has brought a new phenomenon for global business in the beginning of the 21st century. Clearly, as companies become decisive and powerful economic agents in today’s society, they are required to intervene in societal matters which overcome their commitment to earning profits.

However, few studies on the theme have been carried out outside the axis Europe-United States. Hence, the aim of this thesis was to investigate how consumers define CSR and to what extent they are determined to include corporate social engagement in their purchase behavior in Brazil, a country where there is apparently a growing inclination for business to adopt social initiatives.

Through interviews with local experts combined with an online survey with consumers from Sao Paulo and Rio de Janeiro, this thesis identifies the most important aspects of the evolution of CSR in Brazil, bringing them to an international context with the analysis of its cultural implications from a corporate communication perspective. This thesis also handles the case of the Brazilian cosmetics company Natura, regarded by local consumers in the online survey as a successful example of corporate responsibility.

The study recommends that CSR should be strategically communicated in such a social inequitable market due to consumers’ eagerness for this type of information and also the significant number of skeptical buyers.

However, due to the limited scope of the topic coupled with the vast dimensions of Brazil, it is recommended that future research should look into other stakeholders and different areas of the country.
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1. Introduction

This chapter firstly brings a presentation revealing the importance of the topic to be addressed in this study as well as the problem statement and research questions that will drive the thesis. The motivations that have led the author to choose the referred topic are also exposed, including the delimitations implied in the current study. The structure of the thesis is explained in the final section of the chapter.

1.1 Background information

It has been frequently argued that social engagement is no longer an option for business. Consequently, the theme has gained importance not only in the business agenda of the most important corporations but it has become an attractive phenomenon to be studied academically as well. Nevertheless, most of the researches have attempted to understand Corporate Social Responsibility (CSR) -including the cultural differences it may imply- in developed regions such as Western Europe and North America.

However, due to the lack of material on this matter in other regions of the world, the objective of this study is to contribute to the understanding of CSR from a consumer perspective in Brazil, a market where international surveys have revealed that most companies adopt social initiatives (Society for Human Resource Management, 2007).

In the last decade the world was astonished due to the fact that many big companies were involved in ethic scandals such as Enron, WorldCom and Parmalat. In a globalized business scenario where there is an increase in market competition, pressures from governments, increasing claims from society and also an overwhelming speed of information, companies seem to be pushed to adopt a process where they can negotiate their role in society. This process became known as CSR (Parker, 2005).

Hence, CSR has gained consideration from companies since they have recognized the need for business to deliver wider value for society more than market and shareholder value by itself (Cornelissen, 2004).
According to Cornelissen, it is claimed that since many international organizations such as the European Council and the United Nations encouraged companies to link their business strategies to the building of fairer and more sustainable societies, CSR has apparently gained a consideration not to be only seen as a movement to judge companies’ license to operate around the world, but a process to be considered as a new step for organizations to find a way to be committed to boost development and societal goals as well as establish a new role for business in the new millennium.

Based on assumptions that CSR is phenomena linked to cultural market specificities (Maignan & Ralston; Morsing & Schultz), few studies have covered how consumers are picturing companies’ CSR efforts (Beckmann, 2006) in societies where those socially-orientated projects may gain different perspectives. However there are still some gaps to be filled out in the literature such as the lack of studies performed in other areas of the world.

1.2 Problem statement

With this in mind, it is important to state that the motivation for this thesis is the lack of academic material about CSR in Brazil and consequently the problem statement for this study is the following:

The objective of the thesis is to understand how Brazilian consumers define and include Corporate Social Responsibility in their purchasing behavior.

For this reason, this thesis intends to contribute to the academic discussions on CSR outside the Europe-US axis and thus bringing a better understanding of the Brazilian consumers’ mindset to the international business community that are seeking for this type of information and was not able to get in contact with such a specific data.
In order to achieve this aim, Brazilian CSR experts and local consumers will be interviewed. The obtained findings will be discussed through the foundations settled by the stakeholder management theory developed by Freeman (1984) and also Morsing and Schultz’s concept of “stakeholder communication strategies” (2006).

Through a single case study, Brazilians perception of CSR will be analyzed and discussed according to the results obtained from the online consumer survey developed for this thesis.

The same questionnaire was useful to drive the second part of the thesis since it provided answers to the following question “in your opinion, what is the most socially responsible company in Brazil?”.

The Brazilian cosmetics company Natura was pointed by a considerable percentage of the survey respondents as the most socially-engaged organization in the country. As a result, the author analyzed the Natura corporate website and the company’s annual report issued in 2009 in order to identify how the company should be seen as an example for other organizations.

Having said that, it is important to mention that this report also intends to be used also as a consulting material for companies willing to structure and succeed with its CSR strategies in Brazil as it will present a good case of CSR friendly organization perceived by the market in this specific country.

1.3 Research questions

Based on the theoretical framework of the stakeholder theory and the lack of academic study on CSR in Brazil, some research questions that are answered by this thesis are:
1. How Brazilian consumers perceive CSR?

2. According to this CSR perception, how CSR communication should be addressed in this market?

3. Is CSR integrated in the local purchasing habits?

4. Based on the literature connecting CSR to consumers that has been developed so far, is it possible to establish a parallel between Brazilians and Europeans/Americans regarding the way those groups perceive companies’ social responsibility?

5. What could be a recommendation for companies willing to succeed in this specific market making use of a CSR strategy?

1.4 Motivation

Two reasons can be stated why the above referred problem was chosen:

1. The lack of academic literature about CSR in other markets than the United States and Western Europe contributed to choose Brazil as the market of study. The absence of material is surprising regarding a country where seems to be a tendency for corporate social investments. A proof of that is the fact that the Brazilian Sales and Marketing Leaders Association states in its website (www.adverb-fbm.org.br/) that 92% of the companies operating in Brazil are developing social projects in the community and 87% consider CSR as part of their business strategy.

2. Since some scholars such as Maignan & Ralston (2002) and Morsing & Schultz (2006) argue that cultural differences have to be taken into consideration in order to establish and communicate corporate socially responsible initiatives, this study intends to research how CSR should be communicated in a market which has been seldom studied.
1.5 Delimitation

Due to the wide scope of CSR and time and resources constraints, the thesis is limited to the research questions above and Brazil as the only country to be studied.

In addition to that, the online consumer survey designed exclusively for this study comprises only Brazilian consumers residing in Sao Paulo and Rio de Janeiro with Internet access. However, the limitation of the sample may not identify the consumer perceptions of people with different backgrounds in other areas of the country.

A disadvantage of the research is the lack of CSR studies from a consumer perspective in Brazil, so it was necessary to use research theory developed in other areas of the globe.

This is a case oriented research whose aim is to apply the reviewed theory to check whether it works or not to a country like Brazil. Another limitation of the research is to use Natura as the only example of CSR implementation in Brazil. Nevertheless, this is an independent thesis without any type of commercial connection with Natura or any other company or industry.

1.6 Thesis structure

This thesis was structured in different chapters as follows. The methods as well as the research approach adopted for this thesis are explained in the next chapter.

Chapter 3 brings a detailed literature review about CSR, in which the theoretical framework adopted for this paper is shed to light. The section also brings important concepts such as the CSR definition used in this thesis as well as studies focused on the CSR purchasing habits. Finally, the chapter pinpoints studies about cultural differences concerning CSR in different areas of the globe.
Chapter 4 aims to provide a brief introduction of the CSR movement Brazil giving a contextualization of how companies started being socially engaged and how firms are structuring their CSR agenda in this specific market.

All the analysis of the collected data and empirical material can be found in chapter 5, while the discussion of the most important findings is in chapter 6. The conclusions of this study can be read in Chapter 7.

The reference list as well as the appendices can be found in the final sections of the thesis after the conclusion.
2. Methodology

This chapter explains the method applied in this thesis. The section consists of an introductory part where the chosen research approach is presented, followed by the description of each stage of the current study: since the collection of the first interviews, explanation about the sample to be investigated until the analysis of the Natura’s empirical material.

2.1 Research approach

The research approach chosen to guide this research is a single case study (Daymon and Holloway, 2002). Brazil is the nation that will be studied, and the specificities of the CSR perceptions of the local consumers will be the main focus area. In addition to that, the Brazilian company Natura will have its corporate website and the latest annual report analysed, which reinforces the use of the case study as the adopted approach for this research.

According to Yin (2004, p. 13), a case study is “an empirical inquiry that investigates a contemporary phenomenon within its real-life context”. In this particular project, this method will be used to examine the consumer’s perception of corporate social responsibility in Brazil through quantitative and qualitative research methods.

The definition for case study brought by Daymon & Holloway (2002, p. 105) elucidates this choice as “a case study is an extensive examination, using multiple sources of evidence (which may be qualitative, quantitative or both) of a single entity which is bounded by time and place. Usually it is associated with a location. The “case” may be an organization, a set of people such as a social or work group, a community, an event, a process, an issue or a campaign”.

The referred thesis fully matches the concept of a case study described above as it will analyze and discuss a range of findings about a set of people belonging to a specific society (Brazilians) who is tied to a specific location (Brazil). The thesis also brings Natura as an organization to be studied as a case of social engagement in this market.
Moreover this case study consists of a collection of several data and empirical material that used both qualitative and quantitative methods as follows:

<table>
<thead>
<tr>
<th>Data/ Empirical Material to be analyzed</th>
<th>Qualitative</th>
<th>Quantitative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interviews with CSR journalists</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instituto Akatu Research</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interview with Instituto Akatu</td>
<td></td>
<td>Online consumer survey</td>
</tr>
<tr>
<td>Natura website</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natura annual report</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 1. Classification of the methods – author’s own elaboration

Hence evidence is collected in multiple forms to get an overview of the case as complete as possible. Since this study deals with these vast information sources as mentioned, it can be affirmed that the combination of those parameters lead to reinforce the chosen method to carry out the research.

As stated above, a single case study was adopted given that a logic sequence was used to collect the data for the research as explained in table 2 below:

<table>
<thead>
<tr>
<th>Stage</th>
<th>1</th>
<th>1</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Material</td>
<td>E-mail Interviews with Journalists</td>
<td>Analysis of the Instituto Akatu research</td>
<td>E-mail interview with Instituto Akatu</td>
<td>Online consumer Survey</td>
<td>Analysis of Natura’s comm. Material (Annual Report and website)</td>
</tr>
<tr>
<td>Goal</td>
<td>Obtain information to design survey questions</td>
<td>Obtain information to design Survey questions / Obtain information to be used in the thesis analysis</td>
<td>Obtain information to be used in the thesis analysis / Clarify some points in their research/ Obtain information to be used in the thesis analysis</td>
<td>Obtain information to be used in the thesis analysis / Get the answer about the most responsible company</td>
<td>Obtain information to be used in the thesis analysis /</td>
</tr>
<tr>
<td>Method Type</td>
<td>Qualitative</td>
<td>Qualitative</td>
<td>Qualitative</td>
<td>Quantitative</td>
<td>Qualitative</td>
</tr>
</tbody>
</table>

Table 2. Method process - author’s own elaboration
The chosen method, which integrates all the above mentioned means of data and empirical material collection, is expected to provide enough evidence for the analysis and enable making conclusions and answering the research questions. Multiple evidences will contribute to the objectivity of the study, as different sources of information can help reduce each other’s bias.

However, the main disadvantage of the case study could be its comparatively unstructured approach. It leaves room for too broad interpretation and may lead to vague conclusions. Also, there is a possibility, that ambiguous data or biased evidence may influence findings (Yin, 2004, p. 10).

Nevertheless, this possibility can be reduced by keeping as close as possible to the research questions, comparing the inputs and looking for agreements and contradictions between different sources while analyzing data.

Having said that, it is important to add that the case in this research is quite broad and findings are obtained from various sources, which significantly reduces the possibility of subjective analysis.

Also, the purpose of the research is to study one particular market in more general terms, thus comparing different organizations as different cases is not the objective of this thesis.

### 2.2 Research Material and Data Collection

In the following section all research stages already illustrated in table 2 above will be fully explained in order to provide a clear and consistent picture of how the research was carried out.

The general research process was divided in three different stages in order to simplify the researcher analysis of the findings.
The **first stage** comprised of the three interviews with CSR journalists plus the analysis of the survey developed by Instituto Akatu entitled “Corporate Social Responsibility: Perception of the Brazilian Consumer” and finally the interview with Instituto Akatu communication manager.

The **second stage** of the research consisted of the distribution and analysis of the online consumer survey especially developed for this thesis.

The **third stage** contained the analysis of the Natura website as well as the latest Natura annual report.

In the next lines, a more detailed explanation about each step will be provided individually.

### 2.2.1 First Stage – Qualitative Method

#### 2.2.1.1 Interviews with journalists

As explained in table 2, the first stage of the study was to conduct e-mail interviews with journalists focused on CSR. The overall idea of those interviews was to gain in-depth information on the CSR atmosphere in Brazil and also to gain knowledge on some of the most important issues within this field from professionals dealing with this theme on a daily basis.

Besides that, some of the discussions raised by the journalists such as the importance to communicate CSR in a transparent way helped the researcher to design the questionnaire for the online consumer survey carried out in the second stage of this research.

An introduction email was sent to approximately 10 journalists from important medias in Brazil, however only three professionals replied. After their consent, a questionnaire with six exploratory questions based on previous knowledge of the researcher on the theme was sent. The questionnaire as well as the full content of each interview can be found in the Appendix section of this thesis.
All replies were sent in Portuguese so recipients could express themselves better by using their mother tongue and the content of the interviews would be more effective for this study without any limitation language. All the answers were translated into English by the researcher.

The profile of the three interviewed journalists and the respective media they work for are also in the appendix section of this thesis.

2.2.1.2 Research “CSR – Perception of the Brazilian Consumer”

In order to understand better the Brazilian consumers’ perception on CSR as well as gaining some information background to design the online consumer survey, it was analyzed the survey entitled “Corporate Social Responsibility – Perception of the Brazilian Consumer”, developed by Instituto Akatu, a local NGO focused on conscious consumption that were able provide a relevant material that will be useful for the discussion chapter of this research as well.

Instituto Akatu is a non-profit organization founded in 2001 whose objective is to educate and encourage society towards conscious consumption. According to the Institute’s webpage (www.institutoakatu.org.br), the word Akatu derives from the indigenous language tupi whose meanings are “good seed” and “better world”. It translates the idea that a better world depends on each individual action.

Instituto Akatu develops educational and communication projects in order to encourage and mobilize citizens for a conscious consumption. The organization develops researches about the practice of the conscious consumption in Brazil and the perception of the Brazilian consumer towards CSR.

Although the research used in this research dates back from 2005, a more recent data was necessary. Then the researcher decided to send some questions to the communication manager of Instituto Akatu based on his previous knowledge on CSR and also on the questionnaire already sent to journalists as next section explains.
2.2.1.3 Interview with Instituto Akatu

After the data analysis of the research “Corporate Social Responsibility – Perception of the Brazilian Consumer”, it was necessary to interview an Instituto Akatu representative to clarify some points raised in survey they organized in 2005. Moreover the researcher found it interesting to approach a representative of the Institute, so the executive could update some old information raised previously.

Instituto Akatu´s communication and content manager, Andréa Wolffensbuttel, was the person appointed to reply the 9 questions addressed by the researcher. Similarly to the interviews with journalists, this interview with the Institute helped to provide insights for drawing the questionnaire for the online consumer survey such as the question related to consumers who avoid purchasing goods or services sold by socially-irresponsible organizations.

The Intituto Akatu representative answered the interview in Portuguese and had her replies translated into English by the researcher. The full content of the interview is also in the Appendix section of this thesis.

2.2.2 Second Stage – Quantitative Method

2.2.2.1 Online consumer survey

The qualitative method adopted in the initial stages of this research has laid the foundation for the second stage of this study. In other words, after obtaining information through the above mentioned interviews and the research by Instituto Akatu on consumers perception of CSR, the researcher has developed a questionnaire for the online consumer survey whose aim was to investigate the real perceptions of CSR by local consumers and thus validating or not the information obtained by the applied methods used until this stage.
However, more than only confirming or not the findings obtained through the interviews and the Instituto Akatu survey, the researcher was concerned about using the online consumer questionnaire also as a method to verify if the literature on CSR and CSR purchasing habits developed in the European and American contexts could also be applied to the Brazilian audience.

Thus the researcher has chosen to approach consumers with Internet access residing in the cities of Sao Paulo and Rio de Janeiro. This sample was chosen due to the fact that both cities have the biggest growth domestic product (GDP) and consequently the largest consumer markets in Brazil and they can represent a relevant portion of the consumer mindset in the country, as the Brazilian Institute of Geography and Statistics (IBGE) reveals in its website.

Then a 17-question survey was designed based on the information obtained in the previously developed interviews as well as in the research by Instituto Akatu. The online survey was designed using the electronic tool Studsurvey, provided by the IT department of the Aarhus School of Business.

The aim of the survey was then to gather information concerning consumer’s perceptions and attitudes towards CSR in Brazil, in addition to other aspects that could be associated in order to understand the CSR movement in Brazil.

This method was chosen as according to Czaja & Blair (2005), online surveys are relatively new and are becoming popular as they give people a chance to self-manage the answers. In addition to that, the use of such a type of survey helped to simplify the analyzing process of the data.

Another reason for choosing this tool was the fact an online survey gives respondents the option of anonymity (Mallhotra and Birk, 2006). Besides that, this is a time efficient tool that saves consumers’ time and it is easy to create and gather statistics from for evaluation. Last but not least, the online survey questionnaire can be easily disseminated to a broad audience just by sending the link (URL) of the page where the questionnaire is hosted.
When the survey was developed and the questions were approved by the thesis supervisor, a link was provided by the survey computer programme and then an introduction email was sent out to different recipients from Sao Paulo and Rio de Janeiro through the researcher’s networking contacts in both cities via e-mail and social media networks such as Facebook, Linkedin, Twitter and Orkut.

This initial message contained a brief introduction explain the real intentions of the researcher, what the survey was about and how the researcher could be contacted in case there were some potential doubts referring the survey. This introductory message also encouraged the recipients to forward the same letter to other respondents in his/her networks. The introduction letter is included in the Appendix section.

In order to bring useful findings to this current research, the questionnaire had to be straightforward and well designed bearing in mind the need to be a neutral survey as respondents could feel free to answer critically, and avoiding the sentiment that the survey might have other purposes behind the academic one.

208 consumers anonymously replied the online survey from the 5th to 25th of June 2009. The questionnaire as well as the results of the survey can also be found in the Appendix section of this thesis.

It was also important to bear in mind that respondents had different backgrounds and ages thereupon the language function had to be kept plain. The questionnaire was sent in Portuguese so people would feel more comfortable to answer it avoiding any possible misunderstanding in case the survey would be applied in English.

The survey questionnaire was divided into five sections: the first four questions were asking respondents’ general information such as gender, age and education level in order to enable sampling the results later on.

There was also a general CSR-related question in this part which was “How interested are you in being aware about companies’ social actions?” This question was designed and placed at this stage of the questionnaire so it would be easier to firstly analyze the level of lost and interested audience towards CSR.
The motivation behind the second section of the questionnaire was adapted from the Maignan (2001) study about consumer’s perception of CSR in two European countries and in the United States. According to Maignan, the construction of this instrument was based on Aupperle (1985) and Maignan and Ferrel (2000).

At this point respondents are asked to rate in a 7-point scale (ranging from “Strongly Disagree” to “Strongly Agree”) six statements to measure consumers’ general support of socially responsible business in Brazil and other eight statements where the goal was to identify Brazilian consumers’ evaluation of CSR based on Carroll’s (1991) four components of responsibility. Each two out of these latest eight statements refers to the financial, law, ethical and philanthropic companies’ obligations respectively.

The third section of the questionnaire comprises five questions dealing with the general consumption habits of the Brazilians in order to identify how important CSR is in their purchase decisions. They also look to identify if consumers see companies doing a good job in terms of CSR in Brazil and what would be the main audience for those social corporate engagement: external and internal publics or both.

Those questions were based on the Intituto Akatu’s research mentioned above in this chapter as well as Beckmann’s (2006) literature on CSR purchasing habits framework to be explained in the next chapter.

The fourth section of the questionnaire deals exclusively about the strategic CSR communication in Brazil and they aim to identify whether local consumers are sceptical about communication of philanthropic-related topics and to what extent companies are honestly communicating their social initiatives.

In addition to that, consumers are asked which communication channels they use to be informed about company CSR involvement and what areas they would like companies to communicate more their social engagement (education, poverty reduction, environment etc).
Both literature used in the review section of this thesis (Maignan; Morsing & Schultz; Morsing, Beckmann & Reisch; Brown & Dancing; Ashforth & Gibbs) as well as data obtained through the Instituto Akatu´s research have encouraged to design this section of questions.

The last section comprised the driving question: “In your opinion, what is the most socially responsible company in Brazil?”, which guided the second part of this research as Natura was appointed as the most responsible organization in the country with a considerable amount of spontaneous answers. All the answers for this question can be found in the Appendix section.

Since the Brazilian cosmetics company Natura was considered the most sensitive organization towards CSR in Brazil, the company will have their CSR speech - through its corporate website and the latest annual report issued in April 2009- analyzed as an example for “best case” in Brazil as shown in the next section. Both Natura sources are also listed in the list of references of this thesis.

2.2.3 Third Stage – Qualitative Method

2.2.3.1 Natura corporate website

The first phase of the analysis of Natura´s empirical material examines the company information available in the corporate website. Specifically, the collection of the material in the corporate website consisted of the general information on Natura in a section entitled “About Natura”.

The reason behind this choice was to provide an initial basic profile of the company (its location, operations, sort of industry, figures such as number of employees etc). All the material was first collected in Portuguese as the Natura website does not provide the option to switch the content to English when corporate pages are accessed from Brazil.
The second step of the analysis of the corporate website focused on Natura’s corporate identity, namely the company mission, vision, principles and reason of being. The objective of this analysis was to illustrate how CSR has been seen as a strategy by the company and may affect the core business of its operations. This material was also taken from the section “About Natura” also in Portuguese language.

The final step of the analysis of the Natura’s corporate website reinforces how Natura understands CSR as a strategy as it reveals the role CSR plays in the company structure as well as the pillars of its CSR policy. The material to be analyzed here was taken from sections “About Natura” and “Natura and society” in the Portuguese version of the corporate website.

2.2.3.2 Natura Annual report

The latest Natural annual report was issued in April 2009 and consists of a document where the company states its most important CSR strategies bearing in mind the three dimensions of Natura’s responsibility: economical, environmental and social areas.

Then the analysis of the report will be divided in four different stages in order to provide an in-depth understanding of the CSR projects Natura has been carried out. Firstly, it will be analyzed the most important CSR topics of the Natura’s business agenda, followed by the analysis of both the environmental and social responsibilities assumed by the company. Those sections were chosen due to the fact that both areas have a considerable presence in the company’s CSR commitments.

As a fourth step of this analysis, Natura’s annual report brings different sections focused on specific stakeholders such as employees, suppliers, surrounding communities, consultants, consumers etc. However, as the scope of this study involves basically consumers, the material exclusively dedicated for this stakeholder in the Natura’s annual report will be analyzed.
In order to validate the findings of the company material analyzed by the researcher and provide more complete information on how Natura envisions its engagement in society, various attempts to schedule an interview with a Natura representative were held from May to August 2009.

Although the company has formally accepted to participate in this academic study, they hadn’t expressed any further reaction before the submission of this thesis. However, the interview with a company representative would lead the researcher to make more recommendations in the discussion chapter about what sort of CSR strategy is effective in Brazil.

After describing the whole research process, we should proceed now to the explanation of the theoretical framework adopted for this study and the literature review that will be used in the discussion of the findings later.
3. Theoretical Framework and Literature Review

This chapter initially brings the theoretical framework used in this thesis based on the Stakeholder Communication Strategies Model developed by Mette Morsing and Majken Schultz (2006).

Given that the consumer approach was the perspective used in this thesis, the objective of the inclusion of the framework in this section is to provide an understanding of the theoretical foundations of this thesis before moving on the examination of the available literature on the topics to be discussed in Chapter 6 later.

Again, once the theoretical basis of this thesis has been explained, this chapter will also bring a review of the theory chosen by the researcher that may permit to apply to the context of the Brazilians´ perception of CSR and thus making possible to answer the research questions already settled for this study.

Finally, the last sub-section of the literature review discusses the gaps found in the adopted literature that should be taken into consideration prior to the analysis of the findings of the referred thesis.

3.1 Theoretical framework: the foundations of this study

In order to discuss the Brazilian consumer’s perception on CSR, it is important to mention that this thesis is theoretically based on the “Stakeholder Theory” by Freeman (1984).

However, as Freeman has not specifically approached his theory to the communication field, it was necessary to make use of the contribution given by Mette Morsing and Majken Schultz (2006) provided that both authors offer new inputs to Freeman´s stakeholder theory by approaching it to a communication perspective known as the “Stakeholder Communication Strategies Model”, which will be explained in the literature review section yet in this chapter.

As communication is understood as an important aspect to deal with CSR issues due to the impact on reputation, the expectations of consumers regarding CSR and their perceptions of business are important to succeed in today’s market (Morsing & Schultz,
2006). That can explain why CSR communication has become an important theme in the business agenda as companies are facing relevant reasons to inform the general public about their social engagement (Beckmann, Morsing & Reisch, 2006, p.12).

Although some scholars have identified a sort of hesitation from some companies to communicate CSR mainly in Northern European countries (Morsing, & Schultz, 2006), the current market competition is one of the reasons that has pushed organizations to convey messages about their social activities.

As such, CSR communication is not an option anymore. According to the Millennium Poll on Corporate Social Responsibility carried out in 1999, more than 25,000 consumers in 23 countries have revealed that they build their impressions of a company according to the degree of social engagement the firm has (Beckmann, Morsing & Reisch, p. 14). In the US, for instance, Bhattacharya and Sen (2004) have found that 80% of consumers consider CSR as a motivation in their purchase.

Having said that, one can understand the relevance of the stakeholder management theory as an important catalytic method to explain how CSR communication should be addressed to those audiences affecting or affected by companies (Morsing and Schultz, 2006).

Nevertheless, Beckmann & Morsing & Reisch (2006, p.23) argue that the way corporations will communicate with their stakeholders will be different according to cultural norms and it might differ from country to country (Figure 1 below).

That is one of the reasons why corporate communication has become an important field of study when handling CSR in a specific market. Although some might think that the globalization of markets leads to a standardization of cultures and consequently also to the standardization of the consumer behavior, cultural differences have remained an important and decisive factor in planning and designing communication campaigns (De Mooij, 2005).
According to Raaij (1997, p. 269), cultural differences force communicators to adapt and differentiate their campaigns for different cultures. “If you want to reach consumers in different parts of the world, speak to them in a way they understand”, concludes De Mooij (2005, p. 235).

Hence CSR communication is not an exception in the field of corporate communication as cultural differences have to be taken into consideration in the current demanding business scenario (Maignan & Ralston; Morsing & Schultz).

However, as we will see later, so little is known when it comes to understand how consumers perceive and respond to CSR. According to Beckmann (2006), researchers handling the relationship between CSR initiatives and consumers’ understanding of CSR have not been enough so far, which is a contradiction given the relevance of this field of study.

The figure below sums up what was said above illustrating the study area the researcher bears in mind while the research process of this thesis evolves.

**Figure 1. The foundation of the thesis** - author’s own elaboration
3.2 Literature review: concepts to apply to the case

As stated already above, this section has the objective to present theoretical concepts some scholars have been worked on that will relevant to apply to the case of the Brazilian´s consumer perception of CSR later on in this thesis. In other words, the theory raised in this part may be useful to answer the research questions proposed for this thesis.

After a review of the literature in the field of CSR, the content was divided in four study areas in order to enable the discussion of the findings of this study later on. Those four study fields were distributed according to the research question they may help to provide answers as follows:

<table>
<thead>
<tr>
<th>Research Question</th>
<th>Study field brought by the literature</th>
</tr>
</thead>
<tbody>
<tr>
<td>How Brazilian consumers perceive CSR?</td>
<td>The CSR definition</td>
</tr>
<tr>
<td>How CSR communication should be addressed in this market?</td>
<td>Stakeholder theory and communication strategies</td>
</tr>
<tr>
<td>Is CSR integrated in the local purchasing habits?</td>
<td>The importance of CSR for consumers</td>
</tr>
<tr>
<td>Is it possible to establish a parallel between Brazilians and Europeans/Americans?</td>
<td>Cultural implications for CSR communication</td>
</tr>
<tr>
<td>Recommendation for companies willing to succeed in this specific market making use of a CSR strategy.</td>
<td>All the fields above</td>
</tr>
</tbody>
</table>

Table 3. Research questions versus literature review - author´s own elaboration

Initially the concept of CSR raised by Archie Carroll (1991) will be studied as this definition will be necessary to guide the understanding of CSR throughout the research. Moreover, the same concept will be applied to the case of Brazilian consumers later given that the online consumer survey used in this study will bring a question related to the corporate obligations (economic, legal, ethical and philanthropic responsibilities) raised on Carroll´s CSR pyramid.
As the foundation of this study is the stakeholder theory, the second part of this literature review explains in details how this framework can turn into corporate strategies by using again Carroll (1991) and the idea of stakeholder communication strategies raised by Mette Morsing & Majken Schultz (2006).

The third stage of this section brings the discussion developed by Suzanne C. Beckmann (2006) about the role of CSR in consumers´ purchasing habits.

The fourth section of the literature review will handle the cross-cultural comparisons carried out by Isabelle Maignan (2001) and Isabelle Maignan and D. Ralston (2002) about the different ways for consumers to perceive CSR in different countries, which will make possible to bring CSR to an international perspective and thus perhaps enabling to establish parallels between Brazilians´ perception of CSR and consumers from other areas of the globe, namely Europeans and Americans.

Finally, the last section of the literature review discusses the gaps found in theory that could enrich the development of this research if they had been already tackled by the academic community.

3.2.1 The CSR Definition

There is no agreement in the literature concerning a definition of CSR (Hopkins, 2003, p. 19) that would comprise all the aspects this term involves. The World Business Council for Sustainable Development, an organization that unites some 200 leading companies around the commitment to sustainable business development, defines companies’ social responsibility towards the society in general: “CSR is the continuing commitment by business to behave ethically and to contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large” (www.wbcsd.org/).

However, there are other approaches to CSR that totally oppose the definition above. The most classical view is that “the social responsibility of business is to increase its profits” (Friedman, 1970) while social responsibility is considered to be under governmental duties.
Reconciling the firm´s economic orientation with its social orientation has been a question in the CSR debate (Carroll, 1991, p. 40). In order to establish a possible answer to this debate, Carroll has developed a four-part conceptualization of CSR included the idea that corporation has not only economic and legal obligations but also ethical and philanthropic responsibilities as well. According to the author, to be accepted as legitimate, CSR has “to address the entire spectrum of obligations business has to society, including the most fundamental: economic” (2001, p. 40).

Carroll has developed a definitional CSR model where the entire range of business responsibilities is embraced. According to him, four kinds of social responsibilities constitute CSR: economic, legal, ethical and philanthropic. These four categories can be drawn as a pyramid (Figure 2).

The pyramid depicted the economic responsibilities as the foundation upon which all others (legal, ethical and philanthropic responsibilities) rest. The author also emphasizes that business should not fulfill these sequentially but each one should be fulfilled at all times meaning that the socially engaged organization “should strive to make a profit, obey the law, be ethical and be a good corporate citizen” (Carroll, 1999, p.289).

As an economic entity, companies were created to provide goods and services and thus their capacity to generate profits was established as the primary reason of being. However, society has not only legitimated a firm as a profit-orientated organization but also business is expected to comply with the laws established by governments. “As a partial fulfillment of the ´social contract´ between business and society, firms are expected to pursue their economic missions within the framework of the law” (Carroll, 1991, p. 41).
More than being economically and legally responsible, society also expects business to be ethical by performing in a manner consistent with expectations of societal mores and ethical norms.

Carroll concludes his model stating that the philanthropic function has gained a significant place in recent years as society’s expectation that business to be good corporate citizens – including actively engaging in acts or programs to promote human welfare or goodwill - has considerably risen.

Due to the vast range of the concept of CSR, some authors sought to narrow the definition and established some areas where a company is expected to work on in order to be recognized as a socially responsible organization.
Susan Croft, in her book entitled “Managing Corporate Reputation: The New Currency” (2003) dedicates a full chapter for Corporate Social Responsibility where she asserts that the following topics may be addressed by CSR policies: pollution and environmental issues; supply-chain management; human rights; ethical investment; good governance; political and social issues; general business ethics; employee rights; training, development and education; stakeholder engagement and dialogue; clean technology and the overall reputation of the corporation.

Other scholars such as Andriof and McIntosh (2001) present a more concise idea of the areas where CSR can be used. According to them, a CSR policy is expected to contain four areas: environment, workplace, community and market place.

Some other researchers such as Sen and Bhattacharya (2001) understand CSR as a complex comprising six aspects: environment, employee support, community support, product, diversity and non-domestic operations.

According to the above referred authors, CSR initiatives can be summarized as follows (Sen and Bhattacharya, 2001, p. 226):

1. Community support: e.g., support of arts and health programs, educational and housing initiatives for the economically disadvantaged, generous/innovative giving;
2. Diversity: e.g. sex-, race-, family-, sexual orientation-, and disability-based diversity record and initiatives, within and outside the firm;
3. Employee support: e.g., concern for safety, job security, profit sharing, union relations, employee involvement;
4. Environment: e.g., environment-friendly products, hazardous-waste disposal. Avoid use of toxic chemicals, animal testing, pollution control, recycling;
5. Non-domestic operations: e.g. respect overseas labor practices, operations in countries with human rights violations;
6. Product: e.g., product safety, research and development/innovation, marketing/contracting controversies, antitrust disputes.

Once the definition of CSR that will be used in this thesis was delimitated, we should proceed now to the comprehension of the stakeholder management framework as a company strategy and its implications for corporate communication.
3.2.2 Stakeholder theory and communication strategies

3.2.2.1 The Stakeholder theory

As mentioned previously, the so-called ‘stakeholder perspective’ was firstly developed by Freeman (1984) who has claimed that companies’ executives are not only responsible to the organization itself but also to all “groups and individuals who can affect or are affected by the achievement of an organization’s mission” such as employees, customers, investors, suppliers, local community, government etc. Hence, it can be said that it is a way to conduct business that turns the company into a partner co-responsible for social development.

Carroll uses Freeman’s study arguing that “there is a natural fit between the idea of corporate social responsibility and an organization’s stakeholder” (1991, p.43). According to Carroll, the term “social” in CSR has been seen as vague as to whom the corporation is responsible. That’s why he finds the stakeholder framework a method to personalize social responsibilities by delineating the specific groups or persons business should take into consideration in their CSR projects and initiatives (1991, p.43).

The stakeholder management enables business to describe, understand, analyze and manage its relationship among important publics who affect or affected by its operations and thus opening room to protect its long-term interests. Thus Carroll (1991, p. 41) establishes five major steps that might be posed in order to take the essential ingredients to build up an effective stakeholder management:

1. Defining the stakeholders;
2. Delineating their stakes;
3. Clarifying the opportunities and challenges presented by the stakeholders;
4. Depicting the current scenario of corporate social responsibilities (economic, legal, ethical and philanthropic) to stakeholders;
5. Establishing strategies, actions and decisions should be taken to best deal with these responsibilities.
The stakeholder management framework provides not only a way to personalize relationships, but also some useful concepts for diagnosing, analyzing and prioritizing an organization’s relationships and strategies. According to Carroll, the stakeholder framework is a necessary tool to a company’s decision making in terms of social engagement.

Carroll concludes that the mentioned framework enables putting “names and faces on the societal members who are the most urgent to business, and to whom it must be responsive” (1991, p.43).

Consequently, this social engagement from companies creates an increasing demand from the general public for accurate information about environmental and social impacts of their business operations (Burchell & Cook 2006), which can generally evoke strong reactions from stakeholders (Morsing and Schultz, 2006).

Hence, it is important to take into consideration that CSR strategies embody an impact in society and that may be one of the reasons why theorists commonly use the “stakeholder management approach” in order to better understand and suggest ways of how CSR should be communicated (Morsing, Beckmann & Reisch, 2006).

3.2.2.2 Stakeholder communication strategies

Some scholars argue that the higher the public exposure of a company, the more important is a genuine CSR stakeholder dialogue. As the business world became more unpredictable and complex, CSR issues also followed the path and can be considered very diverse and unexpected today, ranging from a punctual employee dismissal to an environmental accident with high impacts (Morsing, Beckmann & Reisch, 2006).

Since societal demands have increased and corporations are expected to provide a satisfactory answer about their values and activities, a corporate CSR engagement requires more accentuate and ongoing stakeholder awareness and calls for more sophisticated CSR communications strategies than before (Morsing and Schultz, 2006).
Morsing and Schultz argue that the need for a strategic stakeholder approach to CSR communication will depend on how big the public exposure of the company is, it means how far a company influences societal interests and also is influenced by community actions.

The degree of a company public exposure will vary then according to some aspects such as: organization size and industry sector, degree of internationalization, market orientation, approach to end consumers and a high brand value (Dyllick 1992).

Bearing in mind the importance of stakeholders for CSR, Morsing and Schultz have classified CSR communication strategies in three different types of stakeholder relations: “the stakeholder information strategy”, the “stakeholder response strategy” and the “stakeholder involvement strategy”.

According to the above-mentioned authors, the “stakeholder information strategy” is the one-way communication model, from the organization to stakeholders. The main purpose of this model is to disseminate information, objectively informing the public about the organization without involving any stakeholder. This is classified by Morsing and Schultz as a “sense-giving” communication (2006, p. 142).

This type of CSR communication is used by companies that believe they just need to inform the general public efficiently about its CSR activities, which will be necessary to build and/or maintain a positive stakeholder support.

The second type of stakeholder CSR communication is the so-called “stakeholder response strategy” based on a “two-way asymmetric” communication model. Morsing and Schultz consider this type also one-sided approach model, as the company has the intention of convincing its stakeholders about its CSR initiatives only but not engaging them in the communication process (2006, p.143).
The “stakeholder response strategy” perceives stakeholders as an influential public, but they passively respond to corporate initiatives only. Morsing and Schultz conclude, therefore, that this communication model is adopted by companies willing to achieve stakeholders support to reinforce its CSR actions. It is still a sender-oriented model where companies are leading the process.

However, simply using a stakeholder approach to communicate topics regarding CSR is not enough. Communication theorists, as Morsing and Schultz (2006), have emphasized the importance of not only informing stakeholders about company activities and perpetuating a one-way communication flow but establishing a dialogue that can lead to the development of a transparent and accountable long-term mutual relationship between company and stakeholders.

Since the theme of CSR is very dynamic and deals with a vast range of people who can be affected and affect the upcoming, Morsing and Schultz argue that although a one-way communication flow is the accurate picture of corporate communications today, they suggest that there is an increasing need to establish sophisticated two-way communication processes -with sense-giving and sense-making ideals- when a company communicates CSR messages.

This “stakeholder involvement strategy” would be a key to promote a dialogue and also to allow company and stakeholders persuade each other to change, of course by assuming that both parts involved in the dialogue are willing to change. “Rather than imposing a particular CSR initiative on stakeholders, the stakeholder involvement strategy invites continuous negotiations with its stakeholders to explore their concerns vis-à-vis the company, while also accepting changes when they are necessary” (Morsing & Schultz, 2006, p. 144).

Morsing and Schultz also argue that the suggestion to invite stakeholders to participate and co-construct the corporate CSR messages increases a trend that these stakeholders will identify positively with the company. Some companies have been using this tool, for instance, by inviting some influential external groups to join their CSR reports.
This strategy focused on engagement of stakeholders can be defined as processes of mutual responsibility, information-sharing, open and respectful dialogue and an ongoing commitment to problem solving (Waddock, 2001). This communication model implies a change in the relationships between an organization and the stakeholders involved in the process.

One of those most visible changes suggested by some researchers seems to be the current role the non-governmental organizations are playing in their interactions with companies. Some researches show that NGOs are placing a relevant level of importance in dialogues with the corporate world as they apparently have identified this interaction as a manner to influence corporate strategy (Burchell & Cook, 2006).

This close collaboration depicted by a two-way CSR communication may lead to an increasing organizational awareness regarding stakeholders expectations towards the company as well as contribute to identify potential issues that may impact corporate assets. However, if superficially employed, this engagement and mutual relationship company/stakeholders may evoke distrust (Crane & Livesey, 2003, p.40).

In their study about CSR communication strategies, Morsing and Schultz (2006) raise survey evidences calling for the importance of implicit CSR communication by using annual reports or websites as more convenient and secure ways to convey CSR messages rather than designing corporate advertising or corporate CSR campaigns. Then, they argue that the more a company exposes their ethical and social ambitions, the more they are subject to attract criticism.

Other theorists such as Brown and Dacing have also come up with statements such as the more a company focuses on communicating CSR messages, the more they are vulnerable to raise skepticism among consumers, who, for instance, can start considering that the company is trying to hide something by emphasizing its good actions (1997, p.81).
Ashforth & Gibbs (1990) go more in depth by analyzing that a CSR communication may end up also in a legitimacy issue. They argue that an over accentuated communication is often linked to organizations facing any sort of problem regarding its corporate legitimacy in society.

Generally if a company faces up either a lack of recognition from stakeholders or a bad reputation moment such as a corporate scandal, it tends to promote qualities such as conveying a CSR message to society which may lead to a bigger accentuated distrust.

The discussion about the use of the stakeholder approach in communicating not only CSR but any kind of corporate message is pointed out by Cornellisen (2004, p. 9), who says that the future and success of any company in today’s society depends critically on how it is viewed by key stakeholders.

According to Ramasamy and Yeung (2009), since the late 1990’s CSR research has been focusing on an important and largest stakeholder who is actually a driver of CSR: consumers. That is why it is important to understand in the following section what the academic researchers have been finding in terms of the weight CSR has in consumers’ purchasing habits.

3.2.3 The CSR consumer perspective

Consumers could be the largest stakeholder group of companies (Ramasamy & Yeung, 2009, p.121). However, according to Beckmann (2006), researches linking consumers’ responses to CSR are quite rare.

Beckmann maps the above mentioned research field and concludes that most of the studies relating CSR to consumers are grounded in the consumer decision-making process. She groups this purchasing process into some parameters: need recognition – information search – evaluation of alternatives – purchase – post-purchase activities and evaluation of experiences with the product or service.
She explains each of those stages belonging to this decision-making process and after reviewing the most important studies on this matter, she concludes that:

(a) Need recognition (referring to consumers’ awareness of and interest in companies’ CSR activities as an additional product attribute): The literature has shown that most consumers confess their interest in CSR topics, however there is an heterogeneity among them in terms of awareness and knowledge of companies’ CSR activities: a considerable amount of consumers are not even aware of what kind of CSR companies are engaged in and others remain skeptical about companies’ CSR communication;

(b) Information search (are influenced by attitudes and beliefs concerning product, brand and/or company): consumers have a positive attitude towards companies involved in CSR initiatives;

(c) Purchase (purchase intentions concerning products and services from companies engaging in CSR activities): price and quality remain important product/service attributes rather than company CSR engagement. However CSR is taken into consideration in the purchase decision when price and quality are barely the same.

(d) Post-purchase experiences: A negative experience with product or service quality will prevent the re-purchase despite the company CSR engagement.

However, Beckman states that although those facts were raised, they are complicated as individual, social and national differences need to be taken into account.

In terms of consumer attitudes towards CSR, Beckman remembers the consumers’ awareness and response matrix developed by Carrigan & Attalla (2001) that should be taken into consideration by companies before they design a CSR communication strategy.
According to the matrix illustrated in Figure 3, consumers are divided into four categories:

(a) **Caring and ethical**: those who search for CSR information. They are usually the ones who respond to strategic CSR communication;
(b) **Confused and uncertain**: they are interested about CSR but remain unsure due to the lack of guidance and contradictory information;
(c) **Cynical and disinterested**: they are not sure companies are really involved in CSR. They value more price and quality rather than CSR engagement;
(d) **Oblivious**: they are totally not aware of CSR and thus they are considered a “lost case”.

![Figure 3. Consumer awareness and response to CSR – by Carrigan & Attalla (2001)](image)

Finally, Beckmann agrees that consumers are more sensitive to negative CSR information than a positive one. She also concludes that generally consumers reward companies engaged in CSR in a more intangible way by perceiving it as high reputed organization which does not necessarily means making a company financially more profitable.
However, business leaders with CSR processes already in place in their respective companies believe that social responsibility is a mean to achieve profits. The Millennium Poll - which interviewed over a thousand chief executives in 33 nations in Europe, Asia and the Americas - indicated that most CEOs connect responsible behavior to firm profitability (Parker 2005, p. 435).

According to Burke and Logsdon (1996 p. 495), there seems to be a consensus among business CSR supporters and academics that corporate social responsibility policies not only bring gains to companies but also to the whole society. However the difficulty relies to find out an empirical indicator able to make clear that being a socially responsible company is directly connected to improve its financial performance.

Burke and Logsdon brings to discussion, therefore, that some scholars argue that despite of generating short-term costs, CSR is able to pay off in the long-term. Companies carrying on policies committed to societal demands would benefit from greater social legitimacy with less government regulation, and that a better society is simply good for long-term profitability.

As a result, a way found by the authors to link CSR to the economic interests of the firm was the connection of company’s corporate social policies to its strategic model. According to them, “a corporate social responsibility is strategic when it yields substantial business-related benefits to the firm, in particular by supporting core business activities and thus contributing to the firm’s effectiveness in accomplishing its mission” (Burke & Logsdon, 1996 p. 496).

In terms of connecting CSR practices with the increase of profits, many surveys have shown that the inclination of consumers to buy products or services from a socially responsible company is very high. For example, the 2002 Corporate Citizenship poll conducted by Cone Communications found that 84% of Americans said they would be likely to switch brands to the one associated with a good cause, if price and quality are similar (Bhattacharya & Sen, 2004, p. 9), similarly to what Beckmann has found.
Another study of 25,000 consumers in 23 nations showed that two-thirds of those surveyed want companies to go beyond fiscal responsibility to also take on social roles (Parker, 2005, p. 434).

A MORI survey with 12,000 consumers across 12 European countries in 2000 reveals that 70% of consumers affirmed that a company’s commitment to social responsibility is important when they buy a product or service. The survey also shows that 1 out of 5 respondents are willing to pay more for products from socially responsible companies (www.csreurope.org).

According to Bhattacharya and Sen (2004, p. 10), this apparent positive connection between consumer approval and companies engaged with CSR initiatives which may contribute to increasing sales has contributed significantly in recent years to the strengthening of CSR activities by business community, shifting the debate on social corporate involvement from “whether” to “how”.

Although people say that CSR is implied in their purchase decisions, statistics found in the survey developed by Bhattacharya and Sen mask the real nature of customer response to CSR activities. According to their findings, it is important for managers to understand how and why consumers respond to CSR initiatives since they do not do it in the same way. For instance, what works for one consumer segment, does not work for another (Bhattacharya and Sen, 2004, p. 12).

Through the use of a variety of methodologies such as focus groups, in-depth interviews, surveys and experiments, Bhattacharya and Sen concluded that a positive link between CSR and purchase behavior exists only when some conditions are satisfied: when the consumer supports the issue central to the company’s CSR efforts, when there is a high company to issue/cause fit, when the product itself is of high quality, and when the consumer is not asked to pay a premium price for social responsibility.
Again, most of the interviewees answered they are unwilling to change CSR for product quality and/or price even when they recognize the company’s CSR activity positively, which actually is very similar to what Beckmann has found in her literature mapping.

The authors argue that this reluctance to compromise factors such as price and quality is one of the main reasons why CSR initiatives tend to result in favorable attitudes for a company which in fact does not necessarily turn into increased purchasing behavior. The above referred scholars argue that consumers are more sensitive to irresponsible than to responsible corporate behavior (Bhattacharya and Sen, 2004, p. 18).

Yet the interviews carried out by Bhattacharya and Sen showed that customers feel motivated to minimize negative information about a company that they perceive to be socially responsible. This finding has led the referred scholars argue that this reputation can be a key reason why investing in CSR may be compared to “building a reservoir of goodwill” and why companies need to view CSR as a long-term, strategic investment.

In other words, CSR may help to construct a perception of the company by stakeholders and plays a very important role in order to downplay a bad impact in the company during crisis situation.

On the other hand, Mohr (2001) argues that most of consumers do not seem to be aware that most companies engage in CSR initiatives. According to the above mentioned scholar, consumers have difficulty obtaining and remembering CSR information about the firms they buy from.

Some other theorists, such as Dawkins (2004, p. 4), claim that an effective communication of firms’ CSR program is a “rare achievement”. However, the same scholar concludes that consumers are quite interested in obtaining more CSR information and thus CSR-related marketing communications may be an opportunity to shape the company image and brand propositions.
In order to make an effective CSR communication, firms need to take into account the cultural aspects of the markets where they are operating given that some surveys reveal that consumers perceive CSR programmes differently as it is shown in the next section.

### 3.2.4 Cultural implications for CSR communication

Cultural differences have to be taken into account when referring to CSR since some researchers such as Maignan & Ralston (2002) have concluded that stakeholders tend to consider those questions regarding company efforts to communicate CSR messages differently from country to country.

According to the above mentioned authors, who developed a study based on the nature of the communication of CSR principles in corporate web pages in France, the Netherlands, the United Kingdom and the United States, French and German companies are not so used to conveying CSR in their websites such as American organizations.

For Morsing and Schultz (2006), this American CSR approach seems to appear due to the fact that CSR is commonly regarded in the United States from a philanthropic perspective as in Europe there is a tradition to communicate CSR in a more implicit and reactive way.

Another interesting finding in the research developed by Maignan & Ralston which may reinforce the assumption that CSR is apparently sensitive to cultural variations was the fact that most of the American companies websites surveyed presented their social responsibility involvement as a part of an extension of their core values while the majority of European organizations tend to show their CSR commitment as a response to stakeholders pressures.

Also in their CSR communication, European companies (especially French and Dutch organizations) appeared likely to build their socially responsible image by linking the production processes to environmental and quality management actions.
On the other hand, American firms seem to appear committed to CSR by accentuating their engagement in action that is not necessarily linked to production and promotion activities such as philanthropic initiatives and volunteerism.

Besides that, some similarities were also found. In terms of stakeholders, most of the researched companies in all four countries showed their concern to convey their CSR messages focused on three main stakeholders groups: community, employees and customers.

However Maignan and Ralston conclude that companies based in different countries tend to hold substantially different perspectives on how important it is to be perceived as socially responsible organization by the general public. While U.K. and U.S. organizations tend to demonstrate their contribution to society in their communications, French and Dutch companies are more reluctant to publicize such initiatives.

The above referred researchers explain this reluctance in communicating CSR by arguing that European companies fear a public criticism as public opinion in the continent apparently tends to regard with suspicion the true motivations that take a company to be involved in social questions.

On the other hand, it is argued that the U.S. organizations perceive a more proactive CSR communication since American society has adopted a more positive image of business where companies are expected to set the standards for a responsible behavior.

In another study to develop a cross-cultural comparison of consumers´ perception of CSR, Isabelle Maignan (2001) has carried out a survey in France, Germany and the US to investigate consumer’s readiness to support socially engaged companies. One of her most important findings was that French and German consumers are more willing to actively support “responsible” companies in their purchasing activities than their American counterparts.
However, the research showed that US consumers value more companies that places higher its economic responsibility in the CSR agenda while Europeans are more concerned about the business seeking to comply with legal and ethical standards, which leaves the economic achievements as only secondary.

Maignan´s study also revealed that when trying to build their image of a responsible organization in France and Germany, companies need to be aware that the fact of performing financially well does not mean that the organization will be perceived by consumers as a socially responsible organization.

The scholar recommends for “business that want to position themselves as socially responsible in France and Germany may have to downplay their economic achievements and emphasize first their preparedness to serving their legal and ethical responsibilities, along with their commitment to philanthropic duties” (2001, p. 70).

On the other hand, the same cannot be recommended to firms willing to thrive in the American market as socially engaged. Claiming to be a socially responsible organization in the US without any economic achievement can be risky.

In a similar study carried out by Ramasamy and Yeung (2009) with Chinese consumers, the scholars found that buyers in this country are also very supportive of CSR. The authors indicate that “CSR issues have gained prominence in emerging economies as well, particularly due to the role of the mass media in increasing awareness” (p. 128).

Ramasamy and Yeung also revealed that consumers in the continental China (excluding Hong Kong) also do not consider economic responsibilities as a social responsibility of business. In this sense, one can affirm that those results are consistent with the ones found in the Maignan study about Western markets.

The Chinese survey also showed that consumers have different expectations and somehow reluctance towards the communication of philanthropic activities by companies although they recognize this is the most common form of CSR in China.
Ramasamy and Yeung conclude their study affirming that other dimensions like ethics need to be given more urgent attention in China and they suggest companies to highlight their contribution to their shareholders, employees and other stakeholders by embedding this ethical approach into the company’s mission (2009, p.129).

The example above reaffirms what Maignan (2001) has argued: the different ways consumers understand and perceive companies as socially responsible organizations in different countries prove that firms may face difficulties to implement, for instance in a global perspective, homogeneous CSR communication programs.

### 3.2.5 Considerations

Before proceeding with the next chapter, firstly it is important to consider some gaps found in the reviewed literature above, such as the lack of a strong consensus on a definition of CSR as many authors diverge on it leading us to the questioning whether CSR can be really defined or it is a socially constructed concept.

Secondly, the theory has failed to show which CSR areas should be more important for stakeholders and thus, this is another important gap that is relevant to be understood in this thesis later on.

Another important consideration to be made is regarding the apparent lack of theories linking the stakeholder theory to corporate communications that goes beyond what Morsing and Schultz has proposed in its stakeholder communication model. The question that can be raised at this point is that whether there are more emerging manners to engage stakeholders via corporate communications other than the three types proposed by the authors.

The limited approach taken by most scholars to study the role CSR plays in consumers’ purchasing are another important point to be taken into consideration. As discussed by Beckmann (2006), it is necessary to take a different perspective that goes further to this consumer decision-making process. An example of that could be the analysis of the consumers’ general perception on socially-engaged organizations and brands rather than simply their likelihood to buy a product from a CSR engaged company.
Finally, the cultural dimension of CSR has been barely studied. The vast amounts of researches in this field deal with the US and Europe contexts only and other areas of the globe are seldom studied, which ends up leaving a gap to be still filled out.

The next chapter of this thesis reveals specific information about Brazil and how CSR has been evolved in this market.
4. Corporate Social Responsibility in Brazil

Before the investigation of how Brazilian consumers understand companies’ social efforts, a scenario of the Corporate Social Responsibility movement in Brazil will be provided in this chapter. The reason for that is presenting an overview of the Brazilian society and its respective business environment, which will bring useful data to be handled in the discussion of the findings later in the thesis.

The chapter starts off with a brief profile on Brazil so we can have a contextualization about the scenario this study took place. Then a section with the history of the CSR evolution in this specific country will follow with the objective to provide an understanding of how the business concerns about societal matters began to be considered in the Brazilian context.

After that, we will move to the last part of this chapter where data obtained from a local survey developed by IPEA (Institute of Applied Economics Researches), a Brazilian public research foundation that has carried out a survey in 2006 entitled “Private sector and public character: the evolution of private companies’ social engagement in Brazil”, interviewing approximately 10,000 domestic companies located across all over the country about their social initiatives.

In addition to that, the same sub-section will also bring the ideas on CSR raised by some national authors who will help to illustrate the findings of the IPEA study.

It is important to add that the analysis of this empirical material was not included in the analysis section of this thesis due to the fact that the IPEA survey does not handle the consumers´ perspective of CSR, which would exceed the scope of this thesis.

Before that, a brief presentation about Brazil is provided in the next lines.
4.1 Brazil at a glance

Brazil has the world’s 5th largest land surface with more than 8.5 million square kilometers, occupying almost half of the Latin American subcontinent. According to the national government, the country has 20% of all the world’s biodiversity. In terms of population, Brazil is the fifth world’s most populated country with more than 180 million inhabitants, the majority – 81% - in urban areas (data taken in the Brazil’s government website http://www.brasil.gov.br/ingles/about_brazil/).

According to the Brazil’s government website mentioned above, the country represents three fifths of the South American economy and is currently the largest economy in Latin America with a GDP of approximately US$ 1,313 trillion. The north-east part of the country has one third of Brazil’s population and is also the poorest region. The wealth is based in the south and south-east - the cities of Rio de Janeiro and Sao Paulo and the southern areas heavily settled by European immigrants.

The BBC website states that Brazil is also land to extreme disparities of wealth and poverty. The richest 10% consumes 46.9% of the income, while the poorest 10% get by on 0.7% only (http://news.bbc.co.uk/2/hi/americas/5379016.stm). The most relevant facts and figures about Brazil can be found in the Appendix section.

We move now for the history of CSR in Brazil by raising the most important milestones of the development of the companies´ interactions with society and how this movement has been built across the last two decades.

4.2 The evolution of CSR in Brazil

The Corporate Social Responsibility movement was firstly initiated in the United States and Europe during the 1960’s while the necessity for corporations to be socially engaged started occupying a space in the agenda of the Brazilians executives in the 90’s only.
After a 21-year dictatorship regime, the country became a democracy again in 1985 and, as a result, Brazil opened up the national economy to a more globalized market. This fact is claimed by Alessio (2008, p.100) as an encouragement for the initial implementation of the corporate social engagement in this area.

While countries in other continents, such as England, had strong influences from governments in order to push companies to adopt social initiatives, most of Latin American nations, mainly Brazil, counted on the support of the civil society who played an important role to persuade the domestic business community to start running projects dealing with the demands of society (Ursini & Bruno, 2006, p.66).

According to a FIESP (Sao Paulo´s Industries Federation) report, as of the 1990s the theme of corporate social responsibility gained the corporate agenda based on a set of ideas that no longer see companies as agents of a predatory and excluding development, but rather as organizations capable of articulating market and citizenship, economic development and social justice. (FIESP, 2003, p.10).

For Alessio (2008), the economical downturn that the country faced in the beginning of the 1990s led important social players, such as activist leaders, the first Brazilian non-governmental organizations and universities, to start off bringing CSR to the public opinion agenda, mainly in a period where national social problems such as poverty and violence had increased and, consequently, were gaining attention of the general public.

The idea that companies had direct co-responsibility for relieving social problems gained a resounding influence by that time, which pushed organizations to start including philanthropic interventions in their strategies in a period of increasingly strong competition in the national market.

According to FIESP ((2003, p.7), the integration of the country in a market increasingly global required companies to adapt a new conduct that could not only lessen the negative effects of the globalization, but also meet the growing demands of the market and society for environmentally, economically and socially sustainable business activities.
As a consequence of this process, beliefs have spread over the Brazilian society. Firstly, that the solution of social problems is a responsibility of all, and not just of the State; and secondly, that business cannot be developed unless everyone is provided with access to food, housing, education, health, employment, a healthy environment and other basic social benefits (Alessio, 2008).

According to the FIESP report (2003, p.8), in the beginning of the 1990s, companies primarily tried to practice business philanthropy as an emergency social relief. Hence, donations were offered without expecting recipient communities to have self-help initiatives or capabilities that could be mobilized to trigger and sustain social improvement processes.

Then, the first CSR reports in Brazil were firstly published in 1993 and gained nation-wide outreach in 1997 through a partnership with a national non-governmental organization called IBASE (Brazilian Institute of Social and Economic Analysis) (Alessio, 2008, p. 109).

IBASE, one of the first Brazilian NGOs, was founded in 1981 by the sociologist Herbert de Souza (known as Betinho) who was responsible for the promotion of the third sector initiatives all over the country. Betinho, for instance, was one of the idealizers of the social movement against the famine in the 1990s. This campaign is still considered a milestone in the development of CSR initiatives in Brazil, as it was one of the first social campaigns companies decided to support and thus including in their CSR agenda (Alessio, 2008, p.109).

Betinho was also important in the CSR movement when he launched a campaign in 1997 to encourage companies to voluntarily issue social reports. With the support from corporate leaders, the campaign was successfully carried out and also promoted a series of media debates, seminars and discussion forums (Durao, 2004, p.30).
In the mid 90s, however, the concept of “private social investment” arose, characterized by the idea that companies should look for a higher level of professionalism in their non-profit actions designed to meet the demands of the society. From this moment onwards, there is an exponential growth in the interest from companies in carrying out different types of CSR-projects in different social areas (Alessio, 2008).

Nevertheless, Alessio recognizes that philanthropy and donations are the dominant corporate interventions in society in Brazil. According to the above mentioned author, this phenomena is very comprehensible due to the poverty conditions and extreme deprivation that a considerable percentage of the country´s inhabitants still face today.

Other important non-governmental organizations focused on dealing with CSR-topics were founded in the second half of the 1990s. However, a decisive step in the improvement of the concept of CSR in Brazil was taken by the foundation of Instituto Ethos de Empresas e Responsabilidade Social (Ethos Institute for Corporate Social Responsibility) in 1998. The organization was responsible for spreading a vision on the theme as a strategic management tool and also as a process permeating the relationships of companies with all its stakeholders (FIESP, 2003, p. 7).

The above mentioned FIESP report (2003, p.7) recognizes that Instituto Ethos established the path was for companies to adopt a more comprehensive attitude in the field of the firms´ social responsibility once the organization’s mission is to mobilize and help firms to manage their business in a socially responsible way.

According to Ursini & Bruno (2006), Brazil is considered a regional CSR leader in Latin America where the most important advances in the area are located, as an increasing number of companies are adopting the Ethos Indexes as a self-assessment instrument to manage their social performance.

Another figure that evidences Brazil´s leadership is the number of CSR reports that were recently published in the country. According to a survey carried out by the English consulting company SustainAbility and the FBDS (Brazilian Foundation for the
Sustainable Development), approximately 80 companies published CSR-reports in Brazil 2007. A very high number if compared to other emerging economies such as India (where 21 reports were issued in the same period) and China (with 18 reports). According to SustainAbility, this can be seen as a signal of the commitment local companies has shown with the disclosure of their CSR performance (FBDS, 2008, p.4).

The above-mentioned survey explains that this enhancement in CSR reports may be due to significant facts to include CSR in the corporate agenda in Brazil such as the relevant increase in the number of Brazilian companies that launched their initial public offerings (IPOs) in the Sao Paulo’s Stock Exchange, forcing them to publicly report their social performance.

In addition to that, another factor pointed by SustainAbility and FBDS that may explain the increase in corporate social reports and also shows the importance CSR is gaining in Brazil is the advent of the social and environmental index launched by the Sao Paulo Stock Exchange in 2005.

Hence, CSR is nowadays widely discussed in both academic and corporate spheres in Brazil and its local supporters argue that a socially responsible behavior is a differential factor for companies to building up and consolidating their brands, representing an investment for a long term sustainable achievement. Namely, CSR in Brazil has been driven by NGOs and voluntary efforts forcing companies to follow market competitors as there is not CSR legislation in Brazil which companies have to comply with (Passador, 2002, p.1).

However, CSR has been placed in the executives’ agenda in many sectors of the domestic company as shown by the IPEA survey discussed in the section below.

4.3 CSR scenario in Brazil

As said before, in this part we will take a closer look into the findings of the survey carried out in 2006 by IPEA, a Brazilian public research institute that interviewed approximately 10,000 domestic companies about their engagement in social matters.
The aim of this analysis is to provide a better comprehension of how the domestic business environment has been practiced its engagement in societal matters. Moreover, we will also bring to context some ideas from local scholars that will help to illustrate the findings obtained by IPEA.

In the research, IPEA has showed that the number of companies implementing CSR projects in Brazil has been significantly increasing in Brazil. According to the Institute’s findings, in 4 years time, the number of companies developing societal initiatives increased by 10%, reaching 69% of the companies running business in the country (IPEA, 2006, p. 11).

According to the study, 94% of the big companies and 87% of the medium size organizations (up to 500 employees) in Brazil develop at least one CSR-related project while 66% of business with up to 10 employees and 75% of small business (up to 100 employees) also promote societal initiatives (IPEA, 2006, p.12). The study concludes that those figures reveal the importance CSR has been recently achieving in the business community.

The survey also revealed that Brazilian companies invested around US$ 2.35 billion in CSR projects in 2004, which is equivalent to 0.27% of the national gross domestic product (GDP) that year (IPEA, 2006, p.17).

Regarding the project areas companies are giving priority in their CSR programmes, those related to food/feeding achieved the main attention from business followed by projects handling with general social assistance, health and education. However, environmental projects are in the bottom of the priority list of business leaders according to IPEA study.

Nevertheles another study developed by Brazil´s Sales and Marketing Leaders Association (ADVB) revealed that 74% of companies firstly prioritize projects focused on education-related topics, followed by environment (37%) and health-related matters (35%) (Melo & Froes, 2001, p. 159).
However, Melo & Froes (2001, p. 157) argue that most companies in Brazil adopt what the authors call “dual social responsibility” programmes, promoting projects for both external communities and employees.

The IPEA research also pointed out that philanthropy and general donations are considered the main motivations for business to promote actions for society. Around 60% of business leaders in Brazil have declared that they promote CSR for humanitarian reasons and one fifth of the executives informed that their main motivation to be socially engaged is due to their religious conviction. The study also revealed that most companies promote their social engagement due to the companies´ owners influence (IPEA, 2006, p.24).

These findings confirm what some national scholars such as Alessio have been arguing. According to the above mentioned researcher, philanthropy is the initial stage to practice corporate social responsibility in Brazil as it becomes a necessary action due to the considerable economic and social disparities seen across the country (2008, p.127).

However there are other reasons for being socially involved in Brazil. There is a significant increase in the number of business leaders who recognize their commitment to CSR due to demands from communities and NGOs (IPEA, 2006, p. 24).

Melo & Froes ((2001, p.158) argue that companies in Brazil tend to start running their CSR-programme for what they call external CSR, namely improving their community relations. As a second step in their CSR strategy is developing projects for their internal audiences (employees and their families). After establishing both fronts, companies usually go for what they consider the last stage of the CSR strategy “the full CSR”: promoting projects for both internal and external stakeholders.
When asked if their social interaction is a corporate strategy, 57% of organizations surveyed by IPEA are aware that their CSR initiatives are not directly linked to company strategy. Although almost 80% of companies agree that promoting social initiatives is a State obligation not a corporate responsibility, business leaders recognize that they intervene in this area as government fails to accomplish its role (IPEA, p. 25).

Yet Alessio (2008, p. 128) argues that there is still a long road for companies to develop CSR strategies in Brazil. For the above mentioned author, firms should really contribute for a full transformation of the Brazilian society, which is affected by serious economic disparities.

The above mentioned scholar claims that one of the biggest challenges for companies is the incorporation of CSR beyond the corporate speech. According to Alessio, embedding social actions in the corporate culture and, as a consequence, in the company strategy is a manner to consider CSR as part of the business and not only as a punctual action that would contribute to minimize, but not eradicate the social unbalances in the country.

On the other hand, Melo & Froes (2001, p. 174) conclude that business leaders in Brazil are definitely abandoning the “assistance” model of CSR implementation, in which companies invest in social projects without any perspective of return.

According to the above mentioned authors, practices usually adopted in this model, such as donations and philanthropic support, are being replaced by social strategies aiming to bring innovative interventions in the community, and consequently, enabling a sustainable social development in the country.

Having described the macro picture of the CSR evolution in Brazil and the importance it has being gaining among local business leaders, we proceed now with the analysis of the findings of the empirical material and data that may answer the problem statement raised by this thesis, which concerns the Brazilian consumers´ perception of CSR. The findings of the data and empirical material are analyzed in the next chapter.
5. Analysis

In this chapter all the data and empirical material used for this thesis will be analyzed. Firstly the interviews with three Brazilian journalists focused on the coverage of CSR topics will be presented. It is important to remind that this part of the method consisted of structured email interviews whose aim was to facilitate the designing of the online consumer survey questionnaire used in the study afterwards.

Moreover, the opportunity to understand their views on the subject helped me to understand better the issues implied in the discussion of CSR from different perspectives, meaning that at this point I was able to identify the most important concerns raised by consumers as well as by companies.

As a second step in this analysis, the referred study will show the most important figures obtained in a research developed in 2005 by the Brazilian NGO Instituto Akatu, which is entitled “Corporate Social Responsibility – Perception of the Brazilian Consumer”.

More than providing data to be used later on the discussion of the findings itself, this survey was also important to raise questions for my own online consumer survey. With this in mind, then it was possible to check whether some of the data obtained by Akatu were also present in the consumer online survey developed later for this thesis, enabling to reinforce or not the final results.

In order to strengthen the analysis and clarify some of the results obtained in the Akatu survey, it was also carried out an online interview with the communication manager of Instituto Akatu, who highlighted some findings of the 2005 research and also brought more recent figures that have being compiled in a new Akatu study still to be issued.
Having analyzed the data from the Akatu survey and also the information obtained through the interviews, whose transcripts can be found in the Appendix section of this thesis, the thesis moves forward to the analysis of the figures collected in the online consumer survey specially developed for this thesis.

Finally, the chapter brings the empirical material on the cosmetics company Natura, elected the most responsible organization in Brazil in the online consumer survey. The materials used for this analysis are the Natura’s corporate website and also the latest company’s annual report issued in April 2009.

5.1 Interview with three CSR journalists

Three Brazilian journalists, who are used to cover CSR topics, were interviewed to find out what their impressions are about CSR and how they think consumers understand it in Brazil. As said before, this conversation also brought me some elements to design the questionnaire for the online consumer survey later on besides helping me to achieve a better understanding, for instance, of some issues implied in the communication of CSR messages in Brazil.

The referred interviewed journalists are Andrea Vialli from the daily newspaper O Estado de S. Paulo, Rosenildo Ferreira from the weekly business magazine Dinheiro and Amélia Gonzalez from the daily newspaper O Globo. The interview transcripts are in the Appendix section.

All journalists identified the business interest for CSR for market reasons by adding that there is no room for the old concept of “seeking profits only” in a globalizing world. All journalists have pointed out that companies were “pushed” to adopt CSR initiatives for reasons such as:

- People became aware that it is necessary to have companies who contribute for a better world.
- Market strategy implications: one company pulls another: many companies ask themselves “if the competitor makes and gains visibility with that, why not start too?”
- The de-privatization of the public companies brought a great number of foreign companies with a new business and social mind.

Andrea Vialli explained how the different CSR approaches in Brazil are. According to her, it is possible to identify companies with focus on CSR already implemented some decades ago, based on owners’ philanthropy attitudes.

On the other hand, there are companies overcoming the limits of philanthropy and understanding CSR as a sustainable strategy, meaning that they use it in order to keep business in the future. The last group is composed of companies of all sizes (small, medium and also big ones) which are still far from the concept and are not working to be closer.

Andrea Vialli also stated that companies that bring CSR closer to their business strategy are the most interesting and different from a journalistic point of view. That can be illustrated when organizations are developing products or services for the poorest population; acting effectively in reducing emissions of hazardous substances; developing CSR in their supply chain.

Rosenildo Ferreira highlighted the importance to have honest and transparent corporate actions and behavior. Pretending to be socially responsible or also keeping a doubtful position seems to work as a potentially demoralizing factor, since their behavior can be exposed. On the other hand, serious companies, which are truly committed to those causes they embrace, are well perceived by social and business communities.

All interviewees stressed that press has the role to inform and open the debate to public opinion by exposing successful and opportunist initiatives and then make companies feel responsible for their own projects.
According to all journalists, it is easy to identify if a company is using CSR as a marketing tool or if it is really committed to the initiative. If a company insists in pitching a story or if it fails to provide important data such as project results, goals and investments, those are the indicators that the social action is more tended to be used for a commercial purpose.

However Rosenildo Ferreira argues that publicizing a good project and using it as a marketing strategy is not a sin. The problem relies, for example, in a situation when a company spends 10 times more to communicate the initiative than on the initiative itself.

All journalists answered that they are not aware of any facts proving that CSR increases purchasing from consumers. However they suggested some indicators that implementation of a citizenship portfolio might bring earnings. Andrea Vialli pointed out that some operational factors may reduce risks and make a company more attractive to investments and acquisitions such as the adoption of eco-efficiency and environmental friendly technologies capable of reducing disposal and energy, water and raw material costs.

On the other hand, Amelia Gonzalez and Rosenildo Ferreira pointed out some reputation gains that may increase company’s profitability through the implementation of CSR initiatives. Amélia Gonzalez observed that some NGOs are working very seriously on the topic and press is playing a role as there is an increasing coverage of CSR in media. Therefore she believes there is still room for improvement.

Given this tendency for an increase in media interest for CSR, it is necessary to take a look now into the results of the survey developed by Instituto Akatu in the next section so as we can check if this growing interest for CSR also exists from a consumer standpoint.
5.2 “CSR – Perception of the Brazilian Consumer Survey”

The research “Corporate Social Responsibility – Perception of the Brazilian Consumer” carried out in 2001 by the Brazilian NGO Instituto Akatu, focused on citizen consumption, revealed that 35% of the Brazilian consumers in 2000 believed that more besides fulfilling their role to generate profits and employment, to pay taxes and to respect laws, companies were also required to establish higher ethical standards beyond governmental requirements in order to actively build up a better society for all (Instituto Akatu, 2001, p.16). The same survey was developed in 2005 and showed that this number had increased to 44% of the Brazilians (Instituto Akatu, 2005, p 12).

If we add consumers who believe that companies have to fulfill both roles, as a productive agent and social agent, this number reaches 64%. In other words, it could be said that 2 out of 3 Brazilians expect organizations to meet not only their productive role but also an active role in the society, including working with problems that used to be dealt by the government such as criminality, poverty and low education (88%) (Instituto Akatu, 2005, p. 17).

The 2005 edition of the survey developed by Instituto Akatu found that 78% of the Brazilians are very interested in what companies are doing in terms of CSR (p. 19). Another figure that may explain how seriously Brazilians are taking corporate social responsibility is the fact that 84% of the consumers agree that economic activity is impacting climate change, what may bring serious effects and should be urgently avoided (p. 12).

According to Akatu survey, when spontaneously asked what a company is expected to do in order to be considered socially responsible, Brazilians take into consideration the following factors in order of priority:

1. How fair employees are treated;
2. Company capacity to make donations;
3. Company capacity to create jobs and
4. Environmental protection policies.
If given the option to choose among multiple types of corporate responsibilities, 82% of the Brazilians tend to consider quality of the products as the most relevant corporate responsibility followed closely by commitment to employees (p. 12).

The Brazilians’ high expectations regarding corporate role in society were also evaluated from an international perspective. According to Akatu, worldwide consumers understand CSR in two dimensions: as operational responsibilities (directly connected to business dynamics and procedures such as product quality and safety, non aggressive environmental processes, supply management, employee treatment etc.) and also as citizen responsibilities (which focus on corporate interventions to the external environment such as solving social problems, respecting human rights, involvement in community projects etc).

If both aspects are taken into account, Brazil emerges as a country where the public has one of the highest expectations from corporations. They expect them to be both operationally and citizen responsible.

The study also shows that in order to achieve public recognition as well as to be perceived as socially responsible company, communication plays an important role for those organizations engaged with CSR in Brazil as local consumers are willing to obtain information about social corporate activities.

When asked if companies honestly and accurately communicate what they are doing in social and environmental areas, 50% of the interviewees responded they considered themselves well informed. Although 72.4% admitted to use word-of-mouth to be informed and spread corporate information, they also said that they are careful and check the accuracy of the information before concluding something that might be wrong (p.21).

According to Akatu, Brazil is facing a trend in which consumers are keener to obtain CSR information, discuss it with acquaintances and willing to award or punish companies according to their CSR actions. The study also demonstrates that almost two-thirds of the consumers usually punish or have considered punishing companies that jeopardize society or environment (p. 24).
However, there is a considerable amount of consumers (35%) who argue that companies don’t communicate their CSR activities accurately. The survey call those consumers as “skeptical engaged”, who do not consider corporate communication on CSR as a credible although they are highly interest to get more information on the topic (p.23).

Akatu claims that one of the explanations which may explain this dissatisfaction may be the belief that companies hide something behind CSR activities.

However, figure 4 shows that Brazilian public opinion can be considered “high-receptive” (43%) to CSR messages, meaning that consumers are very interested to get information about companies’ engagement in society as well as confident in messages conveyed by corporations.

![CSR interests matrix](image)

**Figure 4. CSR interests matrix** – by Instituto Akatu (2005, p.22)

In terms of CSR communication, the survey also reports that although there is low knowledge about social corporate reports (82% of the consumers have never read or heard about such document), those who are familiar with this type of document
recognize that it has a positive impact in their perception about the company and thus they become organization’s “fans”, willing to buy its products or invest in the company (p.23).

Another finding is that 85% of consumers would respect more a company working in partnership with an NGO. Akatu concludes that Brazilian consumers expect companies to be socially and environmentally engaged, which would contribute to consider CSR investments not as an option but as an obligation for those corporations willing to succeed in the local market.

The institute claims that a company’s commitment to a citizen portfolio has to be trustworthy and effectively communicated in order to be publicly recognized and thus avoid any kind of negative reaction against corporate reputation (p. 32).

In order to validate and complete some of the figures revealed by Instituto Akatu above, an interview with Akatu’s communication manager was carried out. In the section below, the Instituto Akatu clarifies some points and also brings updated data on the consumers’ habits of including CSR in their purchases.

5.3 Interview with Instituto Akatu’s Communication Manager

With the purpose of completing and updating with more recent data the findings from the survey, Instituto Akatu’s communication manager Andréa Wolffenbüttel was interviewed via an structured questionnaire sent by email. The full transcription of the interview can be found in the Appendix section.

According to Wolffenbüttel, Brazilian consumers are very interested in societal activities developed by organizations and they are willing to discuss them with their family and acquaintances. Moreover, 4 out of 10 consumers agree to pay more for green products.

For Akatu, local consumers recognize the impact caused by corporate activities and they are aware of the power companies have nowadays. However, it is clear that Brazilian consumers are becoming more demanding in terms of challenging
organizations to be more socially engaged. In case companies don’t serve them appropriately, organizations are subject to face problems.

Generally, Brazilian consumers are realizing that corporate responsibility goes beyond profit making and respect of laws. Consequently, they recognize their influential power into companies. That is why Instituto Akatu claims that investments in CSR may bring many sorts of returns to organizations, ranging from financial to intangible gains such as the improvement of the brand image.

According to Wolffenbüttel, Akatu identifies a trend in Brazil for consumers to feel more encouraged to seek for corporate information, discussing it with relatives and acquaintances and willing to award or punish companies according to their CSR actions.

However Akatu claims that it is not easy to distinguish whether a company uses CSR only as marketing tool or really to show its commitment to the cause. Akatu recommends engaged consumers to check out company web pages, look for specific information in the companies’ CSR reports and follow what has been discussed in the media in order to identify if firms activities are coherent to the image they want to be perceived by stakeholders.

According to Akatu, most Brazilian consumers claim that companies don’t communicate accurately their CSR activities. Wolffenbüttel believes this is due to consumer’s skepticism that companies might hide something behind CSR activities.

Akatu argues that Brazilian consumers understand corporate responsibility going beyond the production of good quality products and the accomplishment of laws. In other words, they expect companies to behave actively in solving social and environmental problems.

The Institute has clearly identified a trend that consumers are taking into consideration companies’ CSR actions in their purchasing habits and they are more sensitive to irresponsible corporate actions by boycotting products or services from organizations involved in any sort of scandal. However Akatu recognizes this is a long-term tendency that will be more concrete in Brazil only in the future.
Based on this tendency towards the inclusion of CSR as an important factor to be considered in the purchasing habits while bearing in mind the topics and data raised so far, it is now an opportunity to investigate the findings revealed by the consumer online survey developed for this thesis.

5.4 Consumer Online Survey

As a consequence of the interviews and Instituto Akatu research previously analyzed, an online consumer survey on Brazilians’ perception of CSR was carried out between the 5th to 25th June 2009 and 208 consumers from Sao Paulo and Rio de Janeiro answered the 17 questions.

The objective of this online questionnaire was firstly to validate what has been found until now through the interviews with journalists and the Instituto Akatu survey. Secondly, this consumer investigation aimed to bring new data concerning the implications of a CSR communication strategy that will drive the discussion of the findings later on.

Moreover, the online consumer survey provided an answer to the questioning of the most responsible company in Brazil, offering the opportunity to exploit the CSR company material of the organization in the last part of this chapter. Also, the results of this survey were compiled and can be found in the Appendix section at the end of the paper.

Most of the respondents of this survey were aged between 26 to 35 years old (99 respondents), followed by the group with 36 to 45 years old (37 respondents), people with 18-25 years old (33 respondents) and people aged between 46 to 55 years old (28 respondents).

Most of the consumers who answered the survey were women (150 respondents) and only 58 men sent their answers. The investigation was answered by consumers with a high educated level, where 179 respondents have finished at least a graduation course.
The majority number of the respondents affirmed to be interested in companies’ social engagement. Namely, 95 consumers declared to be concerned about CSR while 68 are highly interested in corporate social actions and 32 are slightly attracted by the topic.

When consumers were asked to rate in a 7-point scale (ranging from “Strongly Disagree” to “Strongly Agree”) six statements to measure their general support of socially responsible business, the survey brought the following results:

<table>
<thead>
<tr>
<th>Statement</th>
<th>Average Rating</th>
<th>Relevant Answers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I believe that business must make efforts to behave in a socially responsible manner.</td>
<td>6.49</td>
<td>“Strongly agree” – 133 respondents “Agree” – 62 respondents “Partially agree” – 8 respondents</td>
</tr>
<tr>
<td>2. I would pay more to buy products from a socially responsible company.</td>
<td>5.08</td>
<td>“Strongly agree” – 32 respondents “Agree” – 55 respondents “Partially agree” – 79 respondents “Disagree” – 10 respondents “Partially disagree” – 11 respondents “Strongly disagree” – 10 respondents</td>
</tr>
<tr>
<td>3. I consider the ethical reputation of business when I shop.</td>
<td>5.68</td>
<td>“Strongly agree” – 60 respondents “Agree” – 81 respondents “Partially agree” – 42 respondents</td>
</tr>
<tr>
<td>4. I avoid buying products from companies that have engaged in immoral actions.</td>
<td>6.12</td>
<td>“Strongly agree” – 99 respondents “Agree” – 70 respondents “Partially agree” – 24 respondents</td>
</tr>
<tr>
<td>5. I would pay more to buy products from companies that show care for the well-being of our society.</td>
<td>5.19</td>
<td>“Partially agree” – 77 respondents</td>
</tr>
<tr>
<td>6. If the price and the quality of two products are the same, I would buy from a firm that has a socially responsible organization.</td>
<td>6.43</td>
<td>“Strongly agree” – 139 respondents “Agree” – 50 respondents</td>
</tr>
</tbody>
</table>

**Table 4. Support of socially responsible business** – author’s own elaboration

The level of CSR interest among the Brazilians could also be validated through the large percentage of respondents (203 respondents) who believe that business must make efforts to behave in a socially responsible manner.

*The average rating was established in a 7 point scale where the answers received the following grades: 1 = "Strongly disagree", 2 = "Disagree", 3 = "Partially disagree", 4 = "Neutral", 5 = "Partially agree", 6 = "Agree", 7 = "Strongly agree"*
However this number drops when other variables such as price of products are taken into consideration. When asked if they would pay more to buy products from a socially responsible company, only 32 respondents strongly agree with that and other 55 said to agree with that.

The survey showed some skepticism consumers may have towards price and CSR as 79 respondents partially agree to buy more expensive products from a CSR engaged firm. 31 respondents affirm to disagree to some extent. However, companies’ ethical reputation plays an important role in the Brazilians’ purchasing decisions as the survey revealed that 183 respondents agree to some extent to consider business ethics when they go shopping.

The study revealed that a business involved in an immoral action definitely not brings a good perception of consumers in Brazil as 193 respondents affirmed that they avoid buying products from companies involved in corporate scandals or illegal matters.

Again price has been shown a sensitive topic when debating CSR as the majority of consumers tend to have certain skepticism to pay more for products from companies concerned with societal well-being. The table above confirms this finding as sentences dealing with the compromising of prices (2 and 5) were the ones that obtained a lower rate answers: 5.08 and 5.19 respectively.

On the other hand, in a purchasing situation where consumers are faced with two products without compromising either price or quality, they tend to buy from a CSR engaged company.

Based on Carroll’s (1991) four components of corporate responsibility (economic, legal, ethical and philanthropic responsibilities), respondents were asked to classify their level of agreement for each of the following sentences answering what they believe business must as shown in the next table:
Responsibility | Statement | Average Rating | Relevant Answers |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ECONOMICAL</td>
<td>1. Maximize profits.</td>
<td>5.47</td>
<td>“Strongly agree” – 38 respondents “Agree” – 75 respondents “Partially agree” – 76 respondents</td>
</tr>
<tr>
<td>ECONOMICAL</td>
<td>2. Always improve economic performance.</td>
<td>5.95</td>
<td>“Strongly agree” – 55 respondents “Agree” – 103 respondents “Partially agree” – 44 respondents</td>
</tr>
<tr>
<td>LEGAL</td>
<td>3. Ensure that their employees act within the standards defined by the law.</td>
<td>6.63</td>
<td>“Strongly agree” – 141 respondents “Agree” – 65 respondents</td>
</tr>
<tr>
<td>LEGAL</td>
<td>4. Refrain from putting aside their contractual obligations.</td>
<td>6.61</td>
<td>“Strongly agree” – 140 respondents “Agree” – 62 respondents</td>
</tr>
<tr>
<td>ETHICAL</td>
<td>5. Ensure that the respect of ethical principles has priority over economic performance.</td>
<td>6.54</td>
<td>“Strongly agree” – 139 respondents “Agree” – 54 respondents</td>
</tr>
<tr>
<td>ETHICAL</td>
<td>6. Be committed to well-defined ethical principles.</td>
<td>6.61</td>
<td>“Strongly agree” – 141 respondents “Agree” – 62 respondents</td>
</tr>
<tr>
<td>PHILANTHROPIC</td>
<td>8. Allocate some of their resource to philanthropic activities.</td>
<td>5.70</td>
<td>“Strongly agree” – 72 respondents “Agree” – 52 respondents “Partially agree” – 63 respondents</td>
</tr>
</tbody>
</table>

**Table 5. Classification of the responsibility areas** - author’s own elaboration

* The average rating was established in a 7 point scale where the answers received the following grades: 1 = "Strongly disagree", 2 = "Disagree", 3 = "Partially disagree", 4 = "Neutral", 5 = "Partially agree", 6 = "Agree", 7 = "Strongly agree"
The results revealed that Brazilian consumers consider all four types of responsibilities as important elements of social responsibility as all rates were above “4” which is considered the “neutral” ranking.

Interestingly the survey also showed that the respondents evaluate companies’ economic responsibility as the least important CSR element (they were rated 5.47 and 5.95) while the legal (rated 6.63 and 6.61) and ethical (rated 6.54 and 6.61) statements were ranked by consumers as the main relevant spheres that companies should be aware in order to be socially responsible.

The philanthropic responsibilities achieved an intermediate position as it seems there is a relative skepticism about the allocation of corporate resources in philanthropic activities.

Concerning the target audience to whom companies should promote their CSR initiatives, the vast majority of respondents (197 interviewees) answered that organizations should focus on its internal (employees, outsourced personnel, investors) and external audiences (surrounding communities and society in general).

Most of the respondents do not consider companies are doing a good job to build up a better society in Brazil (117 respondents) while 52 consumers recognize firm’s efforts and other 39 affirmed not to have an opinion on the subject.

According to the survey, the most important factor that makes consumers have a good perception of a company in Brazil is the corporate involvement in serious projects to improve environmental and societal conditions (110 respondents). The second most important factor to regard a company well was related to product quality as 77 consumers consider the quality of a company product to consider it as a serious organization.

Interestingly the employment treatment, price policies and presence on the media were not seen as important aspects to perceive an organization well as shown in the graph below.
60% of the consumers (124 respondents) recognized to have punished a company not buying its products or services due to the recognition or rumors that the organization was not socially responsible while 56 interviewees declared not remembering such a situation and other 28 consumers have never refused to purchase even if the company was considered irresponsible.

Those who have negatively replied to the previous question were asked if they would purchase a product manufactured by a non-socially responsible company and 57% interviewees (48 consumers) affirmed the fact that a company was responsible or not would not affect its purchasing decision.

Regarding the communication implications to convey CSR messages, 75% of the Brazilian consumers interviewed in this survey (155 respondents) see positively when a company communicates its philanthropic activities such as donations and resource allocation for organizations such as care centers, NGOs, hospitals etc while 18% (37 respondents) consider this sort of communication with certain degree of skepticism and other 8% (16 respondents) affirmed not have an opinion about that.
On the other hand, when asked if companies in Brazil honestly communicate their involvement in social and environmental projects, 71% of the respondents (148 interviewees) said they do not consider companies doing a good job in terms of communication while 18% (38 respondents) declared not to have an opinion about it and other 22 interviewees stated that companies are communicating well their CSR initiatives.

The online survey also revealed that the most preferred media consumers use as a source to be informed about companies’ societal actions are the corporate websites, followed by magazines and newspapers and news websites. All the other answers with their respective figures can be viewed in the graph below.

![Graph 2. Types of channels consumers use to get information on companies’s social engagement - author’s own elaboration](image)

Based on Instituto Akatu’s premises raised in its consumer survey discussed above in this report, a question was designed in order to identify what is the sort of responsibilities interviewees consider companies should be responsible for. Using a 3 point-scale where: (1) means that companies do not have any responsibility, (2) means that companies should be partially responsible and (3) meaning that companies have total responsibility, interviewees were asked to rate the degree of responsibility for each sentence below:
<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Average Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Helping to reduce the gap between rich and poor.</td>
<td>1.82</td>
</tr>
<tr>
<td>Reducing human rights violations in the world.</td>
<td>2.02</td>
</tr>
<tr>
<td>Working to avoid disease such as Aids.</td>
<td>1.83</td>
</tr>
<tr>
<td>Helping to solve social problems.</td>
<td>2.08</td>
</tr>
<tr>
<td>Encouraging employees to work as volunteers in the community.</td>
<td>2.23</td>
</tr>
<tr>
<td>Ensuring its products are safe and healthy.</td>
<td>2.91</td>
</tr>
<tr>
<td>Not damaging the environment.</td>
<td>2.93</td>
</tr>
<tr>
<td>Treating well the employees.</td>
<td>2.93</td>
</tr>
<tr>
<td>Offering high quality services and products for a good price.</td>
<td>2.85</td>
</tr>
</tbody>
</table>

Table 6. Factor for what companies should be responsible for - author´s own elaboration

The table above shows that respondents rank higher corporate responsibilities involving products quality, environmental concerns and employees’ treatment. However, other responsibilities dealing with direct social corporate engagement were also ranked high reinforcing that Brazilian consumers expect firms to be vastly involved in societal issues.

In terms of the topics companies should take into consideration in their CSR strategies, interviewees considered education (145 respondents) and environmental matters (115 respondents) as the priority areas for firms´ more effective contribution to society. Other areas such as health and culture-related themes were also given relevance, ranking respectively with 48 and 45 responses. The graph below gives a full picture of the answers obtained for this specific question.
Graph 3. Areas companies can contribute effectively to improve local community issues - author’s own elaboration

The last question of the online survey was the driving inquiry that will be useful for the last part of this thesis analysis. Respondents were asked to answer spontaneously what the most socially responsible company in Brazil is.

Firstly this question was replied by 193 interviewees. However, only 175 answers were considered valid for the statistics of this study as they stated an organization name.

Other 18 consumers affirmed not to be comfortable to answer the question as they were not aware about any responsible organization and 15 respondents left a blank answer or simply wrote a non-comprehensible text, which was not considered for the purpose of this paper also, being classified as rejected answers.

A group of 42 companies were remembered by consumers at least once but only 15 firms were mentioned at least twice. A summary of the valid answers for this question as well as a list of all the mentioned organizations can be found in the Appendix section.
The table below ranks the 15 most mentioned companies in the survey:

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Company</th>
<th>Number of Mentions</th>
<th>% *</th>
<th>Industry</th>
<th>Company nationality</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Natura</td>
<td>44</td>
<td>25.1%</td>
<td>Cosmetics</td>
<td>Brazilian</td>
</tr>
<tr>
<td>2</td>
<td>Petrobrás</td>
<td>30</td>
<td>17.1%</td>
<td>Oil</td>
<td>Brazilian</td>
</tr>
<tr>
<td>3</td>
<td>Banco Real</td>
<td>16</td>
<td>9.1%</td>
<td>Bank</td>
<td>Brazilian/Spanish</td>
</tr>
<tr>
<td>4</td>
<td>Vale do Rio Doce</td>
<td>14</td>
<td>8%</td>
<td>Steel</td>
<td>Brazilian</td>
</tr>
<tr>
<td>5</td>
<td>Bradesco</td>
<td>10</td>
<td>5.7%</td>
<td>Bank</td>
<td>Brazilian</td>
</tr>
<tr>
<td>6</td>
<td>Votorantim</td>
<td>06</td>
<td>3.4%</td>
<td>Infrastructure</td>
<td>Brazilian</td>
</tr>
<tr>
<td>7</td>
<td>O Boticário</td>
<td>05</td>
<td>2.9%</td>
<td>Cosmetics</td>
<td>Brazilian</td>
</tr>
<tr>
<td>7</td>
<td>Unilever</td>
<td>05</td>
<td>2.9%</td>
<td>Food/Cleaning</td>
<td>English/Dutch</td>
</tr>
<tr>
<td>8</td>
<td>Nestlé</td>
<td>04</td>
<td>2.2%</td>
<td>Food</td>
<td>Swiss</td>
</tr>
<tr>
<td>8</td>
<td>Pao de Açúcar</td>
<td>04</td>
<td>2.2%</td>
<td>Retail</td>
<td>Brazilian</td>
</tr>
<tr>
<td>9</td>
<td>Banco do Brasil</td>
<td>02</td>
<td>1.1%</td>
<td>Bank</td>
<td>Brazilian</td>
</tr>
<tr>
<td>9</td>
<td>Casas Bahia</td>
<td>02</td>
<td>1.1%</td>
<td>Retail</td>
<td>Brazilian</td>
</tr>
<tr>
<td>9</td>
<td>DPaschoal</td>
<td>02</td>
<td>1.1%</td>
<td>Services</td>
<td>Brazilian</td>
</tr>
<tr>
<td>9</td>
<td>Gerdau</td>
<td>02</td>
<td>1.1%</td>
<td>Steel</td>
<td>Brazilian</td>
</tr>
<tr>
<td>9</td>
<td>Philips</td>
<td>02</td>
<td>1.1%</td>
<td>Electronics</td>
<td>Dutch</td>
</tr>
</tbody>
</table>

Table 7. Most responsible companies in Brazil - author´s own elaboration

As Natura has received the majority of responses, the company will have its website section dedicated to CSR as well as the most recent Natura´s annual report analyzed in the next section.

* % considering the valid answers only.
5.5 The most responsible company: Natura

As illustrated previously, the Brazilian cosmetics company Natura was considered the most socially responsible company in Brazil by almost 25% of the online survey respondents.

In order to provide a better picture of the company and understand what Natura is developing in terms of CSR, this section will deal with the analysis of the CSR-related sections of the company’s webpage www.natura.net and also the latest company annual report issued in April 2009. Both materials are listed in the reference section of this thesis for further consultation.

In order to make clearer the understanding of the collected material and so to be in accordance with the methodology adopted for this thesis, the next sections received the following separation:

a) Section 5.5.1 consists of information collected at the Natura’s corporate website such as the company general presentation (sub-section 5.5.1.1), the influence of CSR in the corporate identity (sub-section 5.5.1.2) and the embedment of CSR in the company’s strategy (sub-section 5.5.1.3).

b) Section 5.5.2 consists of the analysis of the materials collected at the latest Natura’s annual report issued in 2009, which were grouped in the following sub-sections: the most important CSR topics for Natura (sub-section 5.5.2.1); the environmental initiatives and concerns (sub-section 5.5.2.2); the social initiatives (sub-section 5.5.2.3) and a special area about Natura and consumers (sub-section 5.5.2.4) given that this thesis focuses on consumers.
5.5.1 Analysis of the material collected at Natura´s corporate website

5.5.1.1 Company presentation

Natura is a cosmetics, fragrances and personal hygiene company founded in 1969 in Brazil. According to the company website, Natura’s aim is to create sustainable value by establishing quality relationships with society through a direct sales business model that generates results integrated into the economic, social and environmental dimensions of society.

Besides Brazil, Natura also operates in other seven countries in Latin America (Argentina, Bolivia, Chile, Colombia, Mexico, Peru and Venezuela) and France.

Natura offers a vast range of products with solutions for multiple needs of consumers, men and women regardless of age, including products for face and body, hair care and treatment products, make-up, fragrances, bath products, sun protection products, oral hygiene products and product lines for children.

The company portfolio consists of approximately 900 products. In 2008, net revenues amounted to R$ 3.6 billion (approximately US$ 1.8 billion), 17.7% more than in 2007.

The company headquarters is situated in Cajamar, a city in the state of Sao Paulo, where research, production and logistics operations are located. Natura also owns a plant and a laboratory to develop oils in the northern Brazilian state Pará and also counts on distribution centres across all over the country in the following provincial states: Sao Paulo, Minas Gerais, Pernambuco and Rio Grande do Sul. The company also has an innovation centre in Paris, France.

Since 2004 the company is a publicly traded organization with shares listed on the Sao Paulo Stock Exchange. According to the latest figures published in the corporate website, Natura directly employs 5,598 people and it counts on the support of approximately 850,000 sales representatives, known internally as consultants, given that products are distributed through direct sales.
Having introduced the most important facts and figures about Natura, now it is an opportunity to understand how the company has embedded corporate social commitments in its corporate identity (mission, reason of being, values etc) and thus embedding CSR in the core of its business.

5.5.1.2 Natura’s corporate identity

As mentioned in the Natura website, the reason for being of the Natura´s brand is developing products capable to promote well-being/being well. Based on this positioning, Natura expects its products to awaken senses and to grow company’s awareness of the established relationships, enhancing people’s connections with themselves, with others and with the world.

The company’s vision is to be an international brand, identified with the community of people who are committed to building a better society, based on a better relationship among themselves, with others and with nature of which they are part.

Natura believes that the company is a living organism and so it is a dynamic set of relationships meaning that its value and longevity are connected to its ability to contribute to the evolution of society.

In order to achieve that, the company wants to maintain and enhance an open dialogue with all its stakeholders as they believe that is the way to establish a continuous exercise of corporate transparency.

In order to develop its products, “the company mobilizes social networks capable of integrating scientific knowledge with the wisdom of traditional communities, promoting at the same time, the sustainable use of the rich botanic biodiversity of Brazil” (http://www2.natura.net/Web/Br/Inst/CabonoNeutro/DOC/carbono_ing.pdf).

According to the company description stated in their website, Natura does not engage in animal testing in its production and promotes the most rigorous international standards of safety.
Natura considers their consultants as their primary customers given that products reach their end consumers through them. A proof of that is the amount of projects designed exclusively for Natura’s consultants published in the company website.

According to the corporate webpage, Natura stimulates personal, technical and professional development of their consultants as they are seen as change agents who can spread the concept of well-being/being well and help to build a more just society.

However those strategies are also part of a more complex and structured CSR policy that Natura has been carried out in last few years. The next section shows how Natura has brought the concept of CSR to its day-by-day operations and how the area affects the corporate strategy.

5.5.1.3 A responsible management

The foundation behind Natura’s responsibilities has been exposed in the company’s CSR policy, which is rooted in two pillars.

According to the company website, the first pillar is based on ethics, transparency and open communication channels with all the publics who interact with the company. The other pillar is the establishment of targets compatible with the sustainable development, namely promoting the economic, social and environmental dimensions of all human activities.

Based on those principles, Natura created in 2002 the Sustainability Committee, which helped to define the strategies and discuss the application of responsible management in company’s business activities.

Another result of this initiative was that in 2004 the company's balanced scorecard was created to reflect the three dimensions of corporate responsibility - economic, social and environmental - resulting in Natura’s current strategic map that includes goals associated with these dimensions and, thus, influencing the actions of the entire company.
To incorporate company’s principles into strategic planning, corporate goals and internal processes, the company created the Sustainability Management System, which helps Natura to evaluate company’s socio-environmental performance in conjunction with strategic planning.

In controversial issues on which there is no consensus in the scientific community about the consequences to the environment and on human beings from the use of certain substances, Natura agrees to adopt, wherever possible, the Principle of Precaution.

Moreover, to guarantee safety to human health and the environment, Natura has policies eliminating or restricting the use of some inputs from its portfolio of products, and they also prohibit the use of raw materials obtained from plants that were cultivated using practices that involve Genetically Modified Organisms (GMOs).

Besides that Natura has eliminated all testing on animals in 2006 and published on their website the company’s position on controversial ingredients to human health such as parabens, triclosan and phthalates.

As stated in the company webpage, corporate responsibility is not only an abstract concept given that social and environmental responsibilities were always on the top of Natura’s management agenda. Examples of that is the pioneer use of refill-type packages in Brazil in 1983 and also the innovative measure to convert its distribution fleet to natural vehicle gas in 1997.

However the most important event to include the concept of corporate citizenship in the Natura’s corporate business was the launch of the Ekos Line in 2000 which is a range of all segments of Natura products explicitly committed to use the Brazilian biodiversity in a sustainable way and also sharing the benefits generated by innovation based on the traditional knowledge of the surrounding communities in the Amazon region in Brazil.

In addition to that Natura Ekos products are biodegradable and use bottles and packaging that contain recycled material.
In that same period, Natura took first steps towards having direct involvement with greenhouse effect gas emissions, sponsoring the Natura Scientific and Environmental Development Project in the region neighboring the Bananal Island in Brazil, which was under the responsibility of the Ecological Institute.

That was but the beginning of an engagement with the global climate change issue, one that would culminate in the commitment to neutralize company emissions in 2007.

A proof of the concern Natura has regarding the environmental area can be seen in the latest annual report published in 2009 in which the company states the most important CSR topics that should be addressed in the upcoming years.

Hence I would like to proceed now in the next section with the analysis of the material collected at the latest Natura’s annual report as this document may help to understand further the Natura’s CSR speech.

5.5.2 Analysis of the material collected at the Natura’s Annual report

5.5.2.1 High-Priority CSR topics

The latest Natura Annual Report issued in 2009 states the most important CSR topics the company has been addressing. Again, the reference for the English full version of the 2008 Natura Annual Report is listed in the correspondent section of this thesis.

The annual report begins by analyzing the current economical downturn which is seen by the company as a great opportunity for encouraging the creation of a new society committed to a sustainable use of natural resources, increased social justice and inclusion.

Having said that Natura affirms that is conscious about the role the company plays in this scenario which is to consistently contribute to the transformation of a sustainable society by creating a business model that brings together economic growth and social and environmental development.
Through an innovative way of operation and making business, the report adds that Natura strives for turning social and environmental challenges into opportunities such as in the sustainable use of biodiversity.

In order to make this happen, the Natura Report argues that it is important to align company strategies through a stakeholder dialogue network which can help the business to identify the priority CSR topics.

Although this process of stakeholder engagement began on a structured basis with periodical meetings only in 2008, Natura already used the inputs discussed in this forum to prepare the CSR agenda that will guide the focus of the social and environmental actions of the company (p. 10).

Based on the discussions with stakeholders Natura established in the latest annual report (p.6) the focus of its CSR actions for the next years which are:

**The Amazon** – although it was not a topic addressed by company’s stakeholders, Natura sees the Amazon as a key factor in the development of Brazil. Given what the Amazon means for future generations, Natura wants to help create a development model for the region, working with government, communities, NGOs, academia and other players of civil society.

**Biodiversity** – By sustainably using ingredients from nature and biodiversity and appreciating traditional regional and local cultures, Natura is willing to contribute to the balanced use of natural resources through the encouragement of production based on sound agro forestry models, creation of community development funds and fair price value chains, and remuneration for traditional knowledge.

**Education** – Natura aims to use company’s communication channels to convey its values and share them with its stakeholders. The company began to disclose environmental information on the packaging of its products and assumed the commitment to contribute to the improvement of the quality of education in schools.

**Greenhouse Gas (GHG) Emissions** – In 2007, Natura launched the Carbon Neutral Project, which coordinates company’s previously isolated actions to reduce carbon
emissions. Natura also set the ambitious target of reducing by 33% company’s GHG emissions in all of its chain by 2011. This program also includes carbon offsetting.

**Impact of products** – According to Natura, from the environmental standpoint, the company’s most relevant negative effects are in production chain and in the final disposal of its products and packaging. Natura is aware that its social effects are more far-reaching due to the 850,000 consultants who sell its products. Throughout this chain, the company is willing to create ever more shared economic value. Before products getting to consumers, Natura informs that all new ingredients and formulas are analyzed by health and safety specialists and subject to tests monitored by dermatologists or, in some cases, by multidisciplinary teams.

**Quality of relationships** – Natura believes that sustainable results are achieved by means of quality relationships and, for this reason; the company seeks to maintain open communication channels with all its stakeholders in an ongoing exercise in transparency. In 2008, Natura included relationship quality management in its strategic planning and developed structured education processes for the relationship with and engagement of stakeholders.

The Natura’s annual report also discloses the status of the commitments the company established for 2008 as the table below illustrates:

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Commitment</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONSULTANTS</td>
<td>Extend the Ombudsman services to consultants.</td>
<td>PARTIALLY ACHIEVED</td>
</tr>
<tr>
<td>CONSULTANTS</td>
<td>Maintain at 90% the quality of the relationship with consultants.</td>
<td>ACHIEVED</td>
</tr>
<tr>
<td>CONSUMERS</td>
<td>We will publish the Principles of Relationship with consumers.</td>
<td>NOT ACHIEVED</td>
</tr>
<tr>
<td>SUPPLIERS</td>
<td>Obtain 85% of favorable response from supplier companies in the supplier satisfaction survey.</td>
<td>NOT ACHIEVED</td>
</tr>
<tr>
<td>SURROUNDING COMMUNITIES</td>
<td>Adopt an indicator to evaluate our impacts on the development of surrounding communities.</td>
<td>NOT ACHIEVED</td>
</tr>
<tr>
<td>GOVERNMENT</td>
<td>Publish a policy on lobbying and our Relationship Principles with the Government.</td>
<td>ACHIEVED</td>
</tr>
<tr>
<td>ENVIRONMENT</td>
<td>Reduce by 33% GHG emissions in the whole production chain between 2007 and 2011.</td>
<td>PARTIALLY ACHIEVED</td>
</tr>
<tr>
<td>ENVIRONMENT</td>
<td>ACHIEVED/NOT ACHIEVED</td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------</td>
<td>-----------------------</td>
<td></td>
</tr>
<tr>
<td>Include four new ingredients in phase III of the certification process.</td>
<td>ACHIEVED</td>
<td></td>
</tr>
<tr>
<td>Increase to 79% the material in our products that comes from renewable plants sources.</td>
<td>NOT ACHIEVED</td>
<td></td>
</tr>
<tr>
<td>Use 100% organic alcohol in our products.</td>
<td>NOT ACHIEVED</td>
<td></td>
</tr>
<tr>
<td>Reduce the average environmental impact of packaging (Life Cycle Assessment - ACV) to 72 mPt/kg.</td>
<td>ACHIEVED</td>
<td></td>
</tr>
<tr>
<td>Increase to 13% the total of post-consumption recycled packaging material.</td>
<td>ACHIEVED</td>
<td></td>
</tr>
<tr>
<td>Reach a minimum 18.5% refill rate on items billed in Brazil.</td>
<td>ACHIEVED</td>
<td></td>
</tr>
<tr>
<td>Consume a maximum of 148,700 m³ of water at the units in Cajamar and Itapecerica da Serra.</td>
<td>ACHIEVED</td>
<td></td>
</tr>
<tr>
<td>Consume a maximum of 151.4 X 10¹² joules of energy at the units in Cajamar and Itapecerica da Serra.</td>
<td>ACHIEVED</td>
<td></td>
</tr>
<tr>
<td>Recycle a minimum of 89.0% of the waste generated at the units in Cajamar and Itapecerica da Serra.</td>
<td>NOT ACHIEVED</td>
<td></td>
</tr>
</tbody>
</table>

**Table 8. Natura´s CSR achievements 2008** - Author´s adaptation of the 2008 Natura Annual Report (p. 9)

5.5.2.2 Environmental responsibility

As illustrated in the 2008 commitment table above, environmental matters play an important role in the company’s CSR agenda. A proof of that is the number of commitments dealing with environment: 10 out of 16.

According to the latest Natura’s annual report (p-36), the company’s socio-environmental policy assumes that an environmentally responsible company should identify its impacts on the environment, minimize the negative ones and maximize those that are positive.

Therefore, it should keep improving environmental conditions by minimizing potentially aggressive activities and disseminating knowledge regarding this management to other companies. This policy contemplates responsibility towards future generations; environmental education; management of the environmental impact of its products and services and their life cycles; and minimization of material consumption and output.
The report states that Natura has been taking important steps to improve company’s environmental performance and cites the Carbon Neutral project as one of the most important projects in this area given that it aims to reduce company’s greenhouse gas (GHG) emissions by 33% between 2007 and 2011 (p. 36).

The company also started to offset carbon emissions by means of support for five reforestation and renewable energy projects and as part of the sustainable management of waste, Natura focuses on recycling projects, including post-consumption recycling besides the implementation of new water and energy consumption reduction policies in the company’s units.

For Natura, one of the main vectors of innovation is the sustainable use of biodiversity. This approach leads to the creation of new products, using native and exotic species and ecological models of plant production, the company’s program for the certification of inputs and partnerships with rural suppliers, such as traditional communities and family farmers who may contribute to preserving biodiversity.

The company has launched the Policy of Sustainable Use of Biodiversity and Traditional Knowledge which establishes the use of biodiversity as a vector of sustainable development and the application of the principle of harmonious use of traditional knowledge in the development of products.

In order to ensure that the inputs used as raw materials in Natura’s products are extracted in a sustainable way that benefits the extracting communities, the company prepared the Program for the Certification of Plant Raw Materials whose objective is to promote sustainable cultivation and handling by means of the certification of plantation areas and native forests.

According to the latest company’s annual report, the program is an important instrument for developing civic awareness because it includes groups of family farmers and traditional communities in Natura’s business chain, generating income and stimulating local organization.
In order to evaluate the environmental impacts of the packaging of products, Natura has been using since 2001 a tool that quantifies the environmental impacts of products in the stages of extraction of raw materials, production, use, and final disposal.

In 2008, the company has achieved its goal due to the better eco-efficiency of commercial support materials and to the designing of packaging that includes a constant focus on the reduction of impacts in the development of new products. Finally, Natura managed to increase the sale of refills packaging in 18.5% in 2008.

Besides the achievement of this packaging goal, Natura implemented in 2001, in a partnership with company’s consultants, transporting companies and local garbage collectors cooperatives, a recycling project to reduce the environmental impact of the packaging of its products.

The work starts with the consultants who encourage their customers to keep the packaging of Natura products. According to the latest annual report (p. 40), in almost two years of work, 13,608 participated consultants and Natura has raised 210,00 kilos of recyclable materials, 70% of which is paper and cardboard.

It is also part of the Natura´s environmental responsibility agenda to support social initiatives in order to preserve green areas such as city parks and botanical gardens located in big cities in Brazil.

In 2007 Natura adopted a pioneer initiative in Brazil to include an environmental table in the product packaging, which brings six indicators informing the origin of the raw materials, the percentage of recycled material used in the package and the renewable sources used to manufacture the product. According to Natura’s corporate website the objective of this initiative is to bring transparency to the production process.

However the Natura´s CSR agenda consists of other topics rather than environment. An active engagement in the demands of the society plays an important role in the corporate objectives as well as the next section shows.
5.5.2.3 Social responsibility

As already stated, quality of relations is one of the top CSR areas for Natura which is also considered a mark of the company’s development. In this respect, the company has placed its communication channels with different stakeholders as an essential part of the business. In order to establish open channels to all publics, Natura has involved many departments in this work in order to bring to the company a better opportunity to forecast demands and build the future of the business.

Besides the above-mentioned stakeholder engagement initiative that has been contributing to design the company’s CSR agenda by uniting five stakeholder groups involved with the business (employees, consultants, customers, shareholders and suppliers), Natura has created an executive committee for managing the quality of relationships whose aim is to establish a set of relationship guidelines and update company’s Relationship Principles.

Among the relationship channels to promote dialogue with stakeholders, according to the company annual report, we can illustrate as follows:

<table>
<thead>
<tr>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee meeting with the Natura’s CEO</td>
</tr>
<tr>
<td>Leadership meetings with senior management</td>
</tr>
<tr>
<td>Online and direct communication channels such as email and company Intranet to all departments</td>
</tr>
<tr>
<td>Annual employee satisfaction survey</td>
</tr>
<tr>
<td>Climate representatives chosen by colleagues to represent staff in discussions on changes in the organizational climate</td>
</tr>
<tr>
<td>Ombudsman’s office</td>
</tr>
</tbody>
</table>

Table 9. Natura’s communication channels with employees - Author’s own adaptation from 2008 Natura Annual Report (p. 19)
### Surrounding communities

<table>
<thead>
<tr>
<th>Surrounded communities relationship staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forums and opportunities for participation by the surrounding communities</td>
</tr>
</tbody>
</table>

*Table 10. Natura’s communication channels with surrounding communities* - Author’s own adaptation from 2008 Natura Annual Report (p. 28)

### Suppliers and Suppliers communities

| Dedicated staff to build up relationship with suppliers and suppliers communities |
| Suppliers and consultants satisfaction surveys |
| Ombudsman’s office |

*Table 11. Natura’s communication channels with suppliers and suppliers communities* - Author’s own adaptation from 2008 Natura Annual Report (pp. 24-25)

### Consultants

| Consultants satisfaction surveys |
| Relationship Manager: an employee responsible for the direct relationship with the consultants |
| Monthly meetings conducted by the Relationship Managers bringing together a significant portion of the Natura consultants |
| Virtual space providing multimedia information published in the company’s website |
| Service center to help manage the satisfaction of consultants by a toll-free number or through the internet |

*Table 12. Natura’s communication channels with consultants* - Author’s own adaptation from 2008 Natura Annual Report (pp. 22-23)

### Consumers

| Natura Customer Service Center toll-free number |
| Customer Satisfaction Instantaneous Survey |

*Table 13. Natura’s communication channels with consumers* - Author’s own adaptation from 2008 Natura Annual Report (p. 26)
Table 14. Natura’s communication channels with shareholders - Author’s own adaptation from 2008 Natura Annual Report (pp. 31-32)

As a signatory company of the United Nations Global Compact, an initiative to mobilize the international business pursuit of the fundamental values regarding human rights, work, environment and the fight against corruption (http://www.unglobalcompact.org/), Natura also uses communication material to involve its consultants into subjects such as the millennium development objectives; education campaign for youth and adults; reduction of the environmental impact; sustainable developments; Brazil’s biodiversity, among others.

To keep track of its social goals, Natura uses, in addition to department-specific procedures, a Corporate Responsibility Management System (SGRC). With it, the company conducts diagnosis and makes recommendations for action plans directed to improving relationships. These plans then become goals and benchmarks, which are followed up by a committee in each department.

The system works with the support from the Corporate Responsibility Network, constituted of employees from all departments. One of the network’s main roles is to act as facilitator in the diagnosis stage, which identifies key issues in Natura's relationships with all its different publics: personnel, consultants, consumers, communities, suppliers, shareholders, government, society and the environment.

According to the latest corporate annual report, approximately 50 participants in the Corporate Responsibility Network disseminate the principles of responsible management throughout the company, to help their colleagues understand those principles and translate them into daily actions.
In order to support initiatives that benefit individuals and society, Natura has developed a corporate sponsorship program to encourage communitarian projects that promote the best practices in three priority areas: sustainable development, fashion and music.

Besides those initiatives, Natura launched in 1995 a product line specifically to raise funds for a company social project entitled “Crer Pra Ver” (Believing is Seeing, in English). Through this program, Natura invests in initiatives that contribute for the enhancement of the public education in Brazil.

The resources for “Crer Pra Ver” project are obtained through the consultants’ help who voluntary sell the product line of project without achieving any profit. All the net income is converted into funds for public elementary school and youth and adults teaching programmes.

5.5.2.4 Natura and consumers

The latest Natura annual report (p. 26) estimates that company has approximately 42 million consumers in Brazil. This figure led Natura to change in 2007 its business structure in order to move closer to the final consumer by cutting the former market areas evolving to the business and regional units model.

According to the same company document (p.26), what lies behind this decision is the fact that Natura felt the need to arrive faster at people´s houses with its portfolio of products and promotions. Anticipating the current financial downturn, the company has decided to reduce items in the portfolio from 930 products to 739, which caused some discomfort to customers who used to buy some products that were discontinued.

However, given the increasing number of consultants and the growing investment in advertising by 129% in 2008 (p. 27), the rate of penetration of Natura’s products has been increasing over the past few years as the latest annual report points out in the table below.
Table 15. Acceptance of Consumers - taken from 2008 Natura Annual Report (p.37)

The last edition of the Natura annual report also brings figures and tables showing the company’s economic performance in 2008 as an evidence of the importance the economical responsibility plays at the Natura’s CSR agenda as well. However, as we presume that this information is mostly appealing to a specific stakeholder group, the shareholders, the analysis of this type of information would exceed the scope of this thesis that is basically focused on consumers.

More than analyzing the company’s website and the annual report, it is also important to mention that Natura was recognized as the most sustainable company in Brazil last year by the local business magazine Exame. In an article only about Natura in the special publication issued for the award, Exame developed a timeline showing the CSR-related achievements of Natura since its foundation in 1969. The timeline was adapted and translated into English by the author and it is available in the Appendix section of this thesis.

Having presented the findings of the analyzed material above, we go now for the discussion of the main results aiming to answer the problem statement as well as the research questions raised in the first pages of this thesis.
6. Discussion

In this chapter the findings of chapter 5 will be discussed in a way where it will be possible to answer firstly the problem statement raised by this study and, consequently, the research questions proposed in the initial pages of this thesis.

Basically this chapter was structured in 5 different sub-sections, each one bringing answers to each of the research questions that drove the study, plus finally a section stating the limitations and recommendations for further research on the topic.

However more than only replying to the research questions using the empirical data analysed in chapter 5, each sub-section below will also discuss whether the academic literature mainly brought in chapter 3 can be applied or not in the context of the Brazilian consumers. Moreover the literature used in chapter 4 about CSR in Brazil will also be handles as there may be data that diverge from what has been argued.

Again, the proposed research questions for this study that may be answered in this chapter are:

1. How Brazilian consumers perceive CSR?
2. According to this CSR perception, how CSR communication should be addressed in this market?
3. Is CSR integrated in the local purchasing habits?
4. Based on the literature connecting CSR to consumers that has been developed so far, is it possible to establish a parallel between Brazilians and Europeans/Americans regarding the way those groups perceive companies’ social responsibility?
5. What could be a recommendation for companies willing to succeed in this specific market making use of a CSR strategy?
6.1 Consumer perception of CSR in Brazil

The empirical data analyzed in this thesis indicate that Brazilian consumers expect companies to play a more active role in society that goes beyond the responsibility to earn profits as Friedman’s classic views suggests. More than just fulfilling their financial productive roles, it is also expected that firms bring societal demands - including issues that are usually dealt with by government such as criminality, poverty and poor education - closer to corporate strategies in order to succeed in a competitive market.

The facts presented in this study demonstrate that being a socially responsible company seems no longer to be an option in Brazil, but rather an obligation, as consumers are more interested in following how ethically a company conducts its operations as well as how committed it is to contributing to social development.

A proof of this was the fact that the online survey revealed that Brazilian consumers take into consideration all of Carroll’s four dimensions (economic, legal, ethical and philanthropic) to define corporate social responsibility, meaning that they expect organizations to meet all the obligations in those four areas in order to consider it a socially responsible company.

However the survey results also confirmed that ethical and legal obligations are understood as the main responsibilities companies should be held liable for rather than their philanthropic and financial performance.

In this respect, one can conclude that Brazilians are much closer to Europe than the understanding of CSR in the US. While American consumers understand that a responsible company is one that strives for economic responsibility (Maignan 2001), Brazilians and Europeans attach greater value to an enterprise seeking to comply with legal and ethical standards.
Surprisingly enough philanthropy was not ranked higher by Brazilian consumers. This, diverges from previous CSR history in the country, which in the initial stage of the movement was closely linked to philanthropic actions such as donations. This finding confirms the evolution of CSR in Brazil pointed to by Alessio (2008) and Melo and Froes (2001).

The growing maturity of the CSR movement, as demonstrated by the fact that Brazilian consumers do not classify philanthropic initiatives as the main attribute of socially responsible firms, challenges the main motivation for companies to adopt CSR founded in the IPEA research study which highlighted donations and other philanthropic-related actions as the corporate inspiration for social initiatives.

Despite Brazil’s social challenges, the above-mentioned data revealed that this humanitarian approach for CSR engagement seems no longer to be in accordance with what consumers expect from corporate social behavior.

Taking the results obtained by Ramasamy & Yeung (2009) in China as an example, another explanation for this changing situation may be a relative skepticism concerning the allocation of corporate resources in philanthropic activities. A finding that may lend weight to this assumption is the significant number of skeptical Brazilians regarding corporate social engagement revealed by Instituto Akatu.

Nevertheless Brazilians have a different attitude towards CSR communication compared to Chinese consumers. For example, while there is reluctance to accept corporate communication of philanthropic activities in China and also in Europe, the online survey revealed that Brazilians seem to be more open to receiving this message.

Although the empirical material of analysis used in the study did not provide evidence as to what is the single most important element of corporate citizenship, Brazilian consumers take into account a firm’s commitment to the environment, community, employees and product -not necessarily in that order- as comprising the
four priorities that a corporate CSR policy should consider in meeting local expectations. These four areas interestingly enough match the ones that Andriotf and McIntosh argued a corporate citizen portfolio should contain: environment, workplace, community and marketplace.

6.2 Addressing CSR Communication

As stated above, the findings reveal that both internal and external stakeholders are seen by consumers in Brazil as important public audience of corporate social programmes. This confirms that Brazilians expect companies to establish a “dual social responsibility”. According to Melo & Froes (2001), this “full CSR” approach is the most commonly perspective adopted by companies in Brazil and this may explain why consumers prefer it.

However, the results clarified that in order to proactively benefit from the interest Brazilians have in the topic, companies should use a stakeholder’s involvement strategy like the one suggested by Morsing and Schultz (2006) given that a simply one-side communication model seems not to be the best way to engage the skeptical population, which is considerably significant in Brazil.

Natura may be seen as a good example of this stakeholder’s engagement. Besides being perceived as the most responsible company in Brazil by a significant percentage of the survey respondents, Natura has been promoting a stakeholder’s engagement programme with five important groups.

More than placing the importance of establishing significant relationships with society in all corporate identity items such as vision, mission, reason of being and consequently in its brand positioning, Natura has really embedded the importance of nurturing high-quality social interactions given that the company has created an executive committee exclusively dedicated for the management of stakeholder’s relations.
In addition to that, according to the company material, an open dialogue with stakeholders is maintained through periodical meetings enabling them to actively contribute to Natura’s business agenda by selecting the topics of interest that the company should address to in its CSR strategies.

The stakeholder management carried out by Natura confirms what Carroll (1991) considers a strategic work to be, meaning to build up a successful relationship with interested publics as it is embedded in the core business of organization influencing company’s decisions. Although the stakeholder dialogue has been officially established only recently in the company, this strategy may be one of the explanations that made consumers to perceive Natura as the most responsible organization in Brazil in the online survey.

Given the high degree of interest on CSR topics, Brazilians seem to be open to companies’ social engagement and firms should take advantage by actively promoting a transparent dialogue with consumers.

As public interest in corporate social initiatives increases and companies realize they can strategically benefit from a citizenship portfolio as a differentiator in the market, corporate communication plays an important and decisive role in conveying messages capable of attracting attention to the firm’s CSR actions. Thus communication can contribute to making the organization being perceived as socially responsible.

The consumer perceptions survey developed by Instituto Akatu could also confirm what Burchell & Cook (2006) asserted about the increasing demand from the general public for accurate corporate information on environmental and social impacts of their operations. Despite of the data showing that public opinion also follows this trend in Brazil, there are 35% of local consumers who are skeptical about the reasons a company adopts and communicates social actions.
On the other hand, this percentage of consumers is the most interested in CSR communication, although they do not see this information as credible. Therefore it is important to strike a balance in communicating those messages.

In addition to that, many companies in Brazil use CSR as a marketing tool, according to interviewed journalists. Sometimes they even invest more on CSR communication than on social responsibility itself. As a result, this reduces CSR’s credibility and prestige. Although consumers are interested in company engagement in society, they tend to carefully consider what is said and double-check if it is true or not.

Thus it may be argued that while consumers generally perceive CSR communication well, companies with honest and relatively unselfish goals can gain more from it, if they use it accurately. Also, companies that are engaged in CSR permanently and not occasionally achieve more in long term.

In a scenario of an increasing interest in CSR, companies should communicate their social engagement through a stakeholder’s management approach as suggested by Morsing, Beckmann and Reisch (2006). Hence it seems that this strategy in Brazil would be very effective due to the relative openness towards CSR in this market. Natura is an example of such a successful implementation given that the company has developed many communication channels with different stakeholders being an essential part of the business.

Although the researches have proved that Brazilians have a positive attitude towards companies involved in CSR initiatives, most of the local consumers do not consider firms doing a good job in communicating their social engagement. That may be explained by Morsing and Schultz (2006) who argue that stakeholders currently demand more sophisticated CSR communication strategies where they are considered an active agent in the process.

Even though both Akatu and the online surveys revealed that there is some skepticism about CSR communication in Brazil, most of local consumers still prefer an
one-way communication channel – the corporate website – in order to be informed about company’s societal activities. This finding confirms Morsing and Schultz’s argue, in other words, calling for the importance of implicit CSR communication as more convenient and secure way to convey CSR messages.

Hence, companies aiming to spread its social engagement in Brazil should see their websites as important media in their communication strategy.

After reviewing results, it can be argued that media such as newspapers, magazines, news websites and television broadcasting definitely also play an important role in exposing companies’ social engagement in Brazil as it is considered one of the most credible and preferred sources of communicate corporate information.

The interviews with journalists revealed that specialized press can easily identify the firm motivations to support CSR initiatives. In this way, any corporate misconduct may be reported, evoke consumer reactions and consequently reputation damage. Therefore it is important for businesses to deal with media in an honest manner and to try not to get positive coverage pretending to be socially responsible or hiding facts which would reveal that.

Natura seems to be aware of the importance CSR communications plays in today’s competitive market and, as a result, implements a sort of materials containing social and environmental messages exclusively designed for their consultants. Those CSR-trained consultants may be one of the reasons why consumers have recalled the company as the most responsible organization, the reason being that these consultants represent the front-door between Natura and end customers.

The company’s growing investment in advertising may reinforce Natura’s CSR leading position revealed in the online survey, given that it might have shaped the company image as a socially-engaged organization. Nevertheless, it was not possible to obtain any data to confirm this assumption.
6.3 CSR purchasing habits

According to the interviewed journalists and Instituto Akatu, there is a current trend for consumers to include CSR actions in their purchasing habits in Brazil. In addition to that, the online survey showed that Brazilians are sensitive to irresponsible corporate actions and are ready to punish companies. Nevertheless, according to Akatu, that is a tendency that will be still reinforced in the future.

The online consumer survey revealed important findings similar to what Beckmann (2006) has found in the literature mapping of CSR and Consumers. When it comes to the role CSR plays in the consumers’ purchasing behavior, it can be said that most Brazilians confess their interest in CSR topics. However, there is an important amount of consumers who are not even aware of what kind of CSR companies are engaged in.

Another relevant finding that matches to Beckmann and also Bhattacharya and Sen (2004) studies is the fact that price is still a sensitive issue when discussing CSR. Both consumer surveys analyzed in this thesis showed that Brazilians place price and quality as important product/service attributes rather than a company CSR engagement. Nevertheless, when those two attributes are well appreciated, CSR is taken into consideration in the purchase decision.

Brazilian consumers are reluctant to pay a premium price for social responsibility which would not favor those organizations willing to exploit a CSR-friendly corporate image in order to increase sales. It seems that the alternative for this market would be the one suggested by Bhattacharya and Sen (2004), in which CSR initiatives tend to turn into favorable attitudes for companies which in fact do not necessarily result in increased profits.

Inevitably, many consumers also put emphasis on the quality of products and services when considering CSR. If one company puts effort in promoting its CSR activities, this may become a way to differentiate and distinguish itself from the rivals.
In this sense, CSR is without any doubt, the mean to build or improve reputation.

When one company in an industry starts paying attention to CSR and gaining better reputation in this way, others probably will follow, making this an increasing trend. Data from Instituto Akatu as well as statements from the interviewed journalists confirm that this claim is true in Brazil.

Matching the study developed by Instituto Akatu and the online consumer survey developed for this thesis with Carrigan & Attalla (2001) matrix about the consumer’s awareness and response to CSR, it may be argued that a significant amount of Brazilian consumers can be placed in the category of “caring and ethical” as they are apparently very receptive to CSR information.

However the degree of uncertainty showed by the online consumer survey through the amount of consumers who do not consider companies honestly communicating CSR as well as the significant percentage of skeptical population revealed by Instituto Akatu lead us to classify, following Carrigan & Attalla (2001), a considerable part of Brazilian as “confused and uncertain” towards CSR. The survey also showed that there is a percentage of consumers who are not sure about companies involvement in CSR and they are more concerned about price and quality instead. They could be therefore classified in the category “cynical and disinterested”.

Using some of the Beckmann (2006)´s parameters in the purchasing process one can say that they seem to be applicable to the Brazilian context as the research instruments revealed that:

**Need recognition:** Brazilians confess their interest in CSR topics, therefore there is an heterogeneity about awareness of companies’ CSR activities and a certain skepticism.

**Information search:** most Brazilians have a good perception of a company involved in social and environmental projects.

**Purchase:** price and quality are one of the main attributes to take into account in the purchase decision. If price and quality are convenient, Brazilians tend to reward a
socially-engaged company.

It is not possible to draw any conclusions about the post-purchase experiences though, as re-purchase intentions were not taken into account in this study.

As stated above product quality and services are still relevant in Brazil in order to recognize a socially responsible organization. That may also explain the Natura’s performance registered in the online survey. Natura’s concern about exposing its CSR commitment in products, through initiatives such as the use of recycled boxes, the pioneering initiative to develop re-fill bottles and more recently the inclusion of an environmental table in the product packaging, might have led consumers to easily identify company’s environmental commitments.

Examples of this CSR recognition through products could be illustrated by the Ekos Line, a range of products that unified all the segments of Natura’s portfolio explicitly endorsing the sustainable use of the Brazilian biodiversity in partnership with extracting communities in the Amazon.

The above-mentioned deduction about the easy consumers’ identification with Natura’s environmental concerns is also reinforced by the online survey showing that Brazilian consumers recognize environmental matters along with educational topics as the main areas companies should include in their CSR strategies. Interestingly both fields are positioned as highly-priority topics in the Natura’s CSR agenda and 10 out of 16 company’s commitments for 2009 are environmental-related themes.

6.4 Establishing parallels with other cultures

As previously stated, the skepticism to CSR is also present in the Brazilian society. This cultural implication allows for a comparison between Brazilian and European consumers. Skepticism is also a characteristic of public opinion regarding the true motivations that stimulate companies to be involved in social matters in some countries in Europe, according to Maignan & Ralston (2002)’s comparative study about corporate web pages in Europe and the US.
Another comparable fact between Brazilian and European consumers is the importance given by both parties for companies’ social commitment when they go shopping. However both the MORI survey on the Europeans behavior and the online consumer survey presented in this paper on Brazilians showed that few people in both groups are determined to pay more for products from socially responsible firms.

As discussed already above, Brazilians and Europeans are also alike when it comes to how both groups value more ethical and legal responsibilities rather economic performance and obligations.

Nevertheless, the findings about Brazilian consumers’ behavior towards CSR reveal that similarities with Europeans are limited mainly to those specific characteristics only. As mentioned above, Brazilian buyers are likely to expect a higher corporate engagement in society which is a reason to demand a more proactive CSR communication from companies. This is similar to what business follows in the US according to what the above mentioned empirical research has identified.

Moreover it is possible to establish other close parallels between Brazil and the US. The online consumer survey demonstrated that a considerable amount of respondents are not reluctant to the communication of philanthropic activities of businesses. However it would be reasonable to produce more consistent researches about consumers’ perceptions about CSR communication in different markets as this finding was surrounded by some limitations such as the sample size, geographical barriers and time constraint.

To create impressions about CSR, companies need to communicate their activities and initiatives. While in Europe consumers regard CSR communication generally with suspicion, the online consumer survey shows that such messages are perceived positively by the majority in Brazil. Most of Brazilian consumers seem to perceive CSR communication as appropriate for businesses to employ. Again, for these reasons it can be argued that companies should pay attention to conveying CSR messages in this particular market.
6.5 Recommendation for a successful CSR programme

Due to these particularities of the Brazilian consumers towards CSR mentioned above, it can be said that foreign companies willing to perform well in this market should communicate their CSR initiatives neither as they do in the US nor in Europe, but by using a different approach.

As a matter of fact, global firms should understand the particular way Brazilians conceive the idea of CSR and customize a specific CSR communication strategy for this market, avoiding the problem raised by Maignan (2001) that a homogeneous CSR program faces difficulties to be implemented in culturally-different market areas.

Interestingly the online consumer survey pointed out that the six highly-ranked responsible organizations in Brazil are nationally-owned firms. That can be evidence that either the local consumer may have a better perception about the social commitment of domestic companies, or that it might be the consequence of a CSR strategy developed by international companies which would not meet local expectations. However any further assumption cannot be raised about this point, as that the scope of this study would be exceeded.

An alternative for foreign companies willing to establishing a CSR communication model in Brazil would be as a first step the promotion of the stakeholder conceptual framework suggested by Carroll (1991), an exercise in which it would be possible to identify the stakeholders in this market, delineating their demands, clarifying the potential opportunities and the specific challenges in this market. Once this analysis has been concluded, it would be possible to define detailed strategies and concrete actions.

This stakeholder management approach would not only bring a focus for the company CSR strategy but it would also strengthen the company CSR speech in a market in where this current research revealed that there is a potential risk for distrust.
and skepticism towards CSR communication. In other words, a company could have its CSR programme perceived as distrustful if consumers realize that the firm has not fully embedded the importance of being socially engaged.

In order to include CSR into the corporate strategy in a country such as Brazil where social disparities are still huge, companies should work in partnership with governmental authorities and other social actors such as NGOs towards the promotion of social initiatives. Business leaders should change the mindset instead of seeing the social intervention as a governmental obligation only as the IPEA survey revealed.

As stated by Alessio, companies should work as social agents and establishing a limit for their intervention through the planning and allocation of resources for CSR. Corporate social engagement should not be seen as a philanthropic punctual action but as a programme tied to the company’s culture that promotes a sustainable social development.

Rather than only adding CSR in the corporate speech, Natura seems to be working into this direction as company’s social responsibility are a commitment rooted in stable pillars inside the organization where the company’s top management and other employees have their performance measured by a assessment system created to reflect economic, social and environmental dimensions. Moreover, Natura has clearly added CSR into the corporate goals to be achieved, which will influence the action of the entire company in the long-term.

Despite those recommendations in which Natura was used as an example, a more in-depth study would be necessary to think over the company and thus understanding how CSR is really carried out inside the organization. A detailed interview with some of the Natura’s managers would be useful in order to clarify some points towards how CSR is strategically developed by the company and what kind of achievements were obtained. In addition to that, a further investigation on Natura’s view of CSR would also be helpful in order to understand the management implications of such a strategy.
6.5 Implications and limitations

Mostly of the content analyzed in this thesis was about the consumer perceptions about CSR in Brazil. Hence it may useful to take into consideration other stakeholders in additional research as well as to deal with case studies focused on companies operating in different industries.

Also it would be academically and practically relevant to investigate other countries where such studies haven’t yet been available.

Moreover, it is important to highlight that the limitation of the sample analyzed in this survey, meaning that only consumers from Sao Paulo and Rio de Janeiro were interviewed in this paper, which may implies in a possible risk of committing a generalization granted that the Brazilian population is heterogeneous and so the way CSR can be understood may vary from place to place. However, a further study that takes into account those regional differences and different stakeholders is strongly encouraged.

Another limitation concerning this small sample bias is the fact that only consumers with online access answered the survey. Again, as a result the findings may not represent the general consumer population in Brazil. Also, the sample is perhaps more educated and wealthier than the general public. Hence, the degree of interest of CSR might be higher than the Brazilian average consumer.

However, this thesis has not understood this as an important factor given that it would exceed the purpose of this study. A recommendation could be a future study that would take this economic perspective into consideration.
7. Conclusion

The purpose of this thesis was to investigate how consumers understand corporate social responsibility in Brazil and the importance of CSR in this particular market. The research has found that CSR and communication of social activities is important for the success of business in this country as local consumers are keen to obtaining information on companies’ involvement in social matters.

Consumer surveys and interviewed experts suggested that the referred market requires companies to be active in dealing with the demands of the society in addition to achieving their traditional goals. However, the study revealed that Brazilian consumers have a better perception of companies that includes CSR as a corporate strategy and not only as a philanthropic punctual action.

In order to be perceived as a socially-responsible organization in Brazil, companies should be aware of economic, legal, ethical and philanthropic obligations. Nonetheless, the compliance of laws and ethical behavior are regarded as the most important responsibilities in this market. These data bring about important implications for companies given that firms have been focusing on the adoption of philanthropic initiatives since CSR was introduced in the country in the early 1990’s.

The study revealed that the humanitarian approach companies adopt for their CSR involvement doesn’t seem to match consumers’ expectations anymore which urges a change in business leaders’ mindset.

This thesis also showed that more than one third of Brazilian consumers are skeptical about CSR communication. In this sense they can be compared to Europeans who generally perceive this kind of messages with doubts. However, they are much more interested in how business deals with social requirements and actively look for relevant information, though not always perceiving it as credible. Therefore companies operating in Brazil should work with these consumers to convince them.
On the other hand, Brazilian buyers can be also compared to consumers from the US given that there is a significant part of the researched group who expects a higher corporate engagement in society and who is not reluctant to the communication of philanthropic activities, a reason to demand a more proactive CSR communication.

The communication of social activities is not less important than the activities themselves in order to make a positive impact on corporate reputation. However, companies have to be careful about how they convey messages about CSR, because media and consumers are aware of it and can understand the real intentions of the firm. Therefore commitment to CSR must be permanent and not only a marketing tool. If this is achieved, company is most likely to gain long-term benefits from investing in social projects in terms of improved reputation. This in turn, may result in more tangible dividends.

A recommendation for companies to achieve that is establishing a stakeholder engagement approach as part of the strategic corporate communication capable of unifying both the skeptical and caring consumer groups.

More and more Brazilian consumers see companies as important contributors to the wellbeing of society. Therefore CSR should be seen as being a part of corporate strategy, rather than a compulsory donation being a part of company’s profits to society. Sometimes this can even add competitive advantage to the firm, as consumers seem to be willing to reward the company they favor. The more honest the company is in its social activities, the more it can gain as a return in the long run. Communication is the stratagem to make a organization being perceived as socially responsible.

However, the thesis revealed that Brazilian consumers do not consider organizations communicating well their social engagement which leaves a vast room for improvement and new interventions to be adopted in this field. Hence a more sophisticated CSR communication that takes into account stakeholders as active agents in the process is urged.
It is necessary to add that due to the particularities of the Brazilian consumers towards CSR illustrated above, foreign companies should communicate their CSR initiatives by customizing a specific CSR communication strategy for this market, by designing a stakeholder involvement strategy, as Brazilians generally seem to be open to this type of communication.

In addition to that, some of the research instruments used in this paper revealed that companies implementing a stakeholder involvement approach in their speech such as that of the Brazilian cosmetic company Natura, are being successfully perceived as a responsible organization, and are benefiting from this approach through an increase in sales, brand penetration and more visibility.

Before implementing this strategy, it is highly recommendable for companies though to work on a stakeholder strategy in order to have an overview of the demands and opportunities in the country, which may increase the company’s credibility about its CSR commitment.

In terms of purchasing, the paper revealed that there is a growing tendency for Brazilian consumers to include CSR in their habits which may end up in the disadvantaging of irresponsible companies. Nevertheless price is still a vulnerable issue that Brazilians are not keen to compromise on, in respect of companies’ social engagement.

Product quality is another important and very well praised field by local consumers when discussing CSR. A responsible company is perceived as being the one that is committed to delivering excellent goods or services. Natura seems to be aware of this consumption habit and fully exploits its CSR involvement in the products, for example through the promotion of the sustainable use of ingredients and through the environmental concerns in the product packaging.
The study recommends a change in the local business leaders’ mindset who usually defines social interaction as a governmental responsibility only. As the thesis reveals, consumers expect companies to intervene in social matters and, as a consequence, firms should see this demand as an opportunity to gain more strength in a heightened competitive market with huge social inequalities such as that of Brazil.

Finally this study may be seen as a contribution for both academic and business international communities as it focuses in a market where CSR has been seldom studied.
8. References


Websites:


9. Appendices

APPENDIX I – Interview transcript with journalist Amélia Gonzalez

Journalist: Amélia Gonzalez

Position: editor-in-chief

Amélia Gonzalez is a very experienced journalist currently working as editor-in-chief of O Globo’s CSR supplement called Razao Social (Social Reason), which is published bi-weekly and considered to be probably the best coverage on CSR in Brazil.

Currently, Amélia has its own blog http://oglobo.globo.com/blogs/razaosocial/ where she discusses corporate citizenship.

Media: O Globo Newspaper

O Globo is the most important newspaper in Rio and the one which last year also took up the position of the Brazilian newspaper with the second-largest circulation, formerly held by O Estado de S. Paulo.

1. In your opinion, why companies are focusing more on CSR strategies in Brazil now?

Not only in Brazil but all over the planet it is clear that there is no more room for old-fashioned minded companies that keep an extractives position.

Since some roll call as 1972 in Stockholm and 1987 with the Brundland Commission, organized for sensitive people as Stephan Schmidheiny, Gro Brundland and Betinho (an activist leader who fought against hunger and poverty in Brazil), the scenario started to change. In Brazil, specifically, the end of the military dictatorship opened space primarily to the creation of NGOs and their structuring later.

People begun to realize that even in a capitalist system it is necessary to have companies who contribute more for a better world. However, I strongly believe it is correct what Brazil has done: not impose this legally. It has to be a voluntary action where one company pulls another and so that it can become a market strategy.

2. As a journalist, how do you see companies that are bringing CSR closer to their business strategies?

I consider myself a very optimistic person. My journalistic view, of course, pushes me to point out some big failures in the process. One of those failures that most disturb me takes place when companies pitch us to make a project announcement and after they get the coverage done, they simply abandon it. But what I strongly believe is that if we manage to expose them, it is inevitable they will take more care. For instance, I have recently written an article that was published in the first page of the newspaper about a very good project being developed in central Brazil. It is about a public/private partnership encouraging local inhabitants to work together in order to build their own houses. I was giving a lecture and used this specific case as an example and someone in the audience told this project was a fraud. I checked the information and noticed there was a problem with a local politician only who had deviated some financial sources. At this point, all local newspapers started a good coverage for the referred project. That’s good since this project will no longer run the risk to fail.

3. How can press help companies to implement its CSR strategies?

It is exactly working as window-shopping by exposing companies and making them feel responsible for the projects they are running.

4. Is it easy to identify when a company is using CSR as a marketing tool or if it is really committed to the topic?

It is extremely easy. But I guess is due to the fact I have got a certain experience about the topic. I can
notice by taking a look on the press release or even by how a PR officer talks to me. The most identifiable situation happens when they are not able to answer some basic question regarding results, goals, investments…

5. Does CSR increase profits?
Yes. It does since it’s able to place the company with a good perception by its customers. But to be really socially responsible, many companies have to make changes in their budgets and spend more financial resources. Therefore if a company expects a short-profit by keeping a socially responsible image it will fail, of course.

6. In your opinion, are consumers more sensitive to companies with irresponsible behavior?
I have read some researches that unfortunately show Brazilian customers are still very confused about this subject. When they are asked if it is important for a company to be socially responsible, most of them agree with the idea. However when questioned if they would stop buying a product from a not socially responsible company, only 13% (according a late survey from Market Analysis) said yes. Moreover 70% ask more information in the stores where they are going to buy. It means consumers expect the impossible in a very lazy way: they go to supermarkets and find shelves full with socially responsible products and also those with irresponsible products. That’s a shame. As I said before, I am optimistic. I still think there is still too much work to be done but I can pinpoint some serious institutions (Ethos and Gife, for instance – both are NGOs focused on CSR) who are fully dealing with the topic. Press is also playing a role and gives more coverage, however a magazine like Razao Social it is published only in Minas Gerais (another Brazilian provincial state), However, Abril Publishers (a famous Brazilian publishing house) is creating what they call Sustainable Planet, which could be a way to use socially responsible data in all its publications. That’s good but I think journalists have to be more prepared. We have to be critical. That’s important. But we can’t be totally skeptical. That doesn’t help.
APPENDIX II – Interview transcript with journalist Andrea Vialli

Journalist: Andrea Vialli

Position: reporter

Andrea Vialli is one of the first journalists to cover CSR in Brazil. She was awarded many prizes in the area. She also has a blog dealing with CSR topics: http://blog.estadao.com.br/blog/vialli/.

Media: O Estado de S. Paulo Newspaper

One of Brazil’s most traditional Brazilian newspapers, O Estado de S. Paulo has a more conservative profile and a higher penetration and credibility among the middle class (adults with higher purchasing power). With more than one hundred years of history, the Estadão – as it is more commonly known - has an average circulation of approximately 240 thousand copies (last year’s average).

1. In your opinion, why companies are focusing more on CSR strategies in Brazil?

I believe they found out the topic more for market reasons since social responsibility and sustainability are topics on the agenda now. Many companies ask themselves “if the competitor makes and gains visibility with that, why not start too?” Many companies start this way practicing a CSR policy.

We have different ongoing movements regarding CSR in Brazil. One can identify companies with focus on CSR already implemented some decades ago, based on owners’ philanthropical attitudes – for example Bradesco (a national bank) which has been owning a foundation in charge of the social management for 50 years. On the other hand there are companies overcoming the limits of philanthropy and understanding CSR as a sustainable strategy, meaning that they use it in order to keep business in the future. Generally companies in this category are either under internationalization process or have established branches abroad. They have accessed this advanced concept of management and are pursuing to make it happen in their everyday operations and decision making procedures. They seek to publish sustainability reports and are listed in sustainability indexes (Dow Jones, ISE) if they are open capital companies. Latter there are also those companies with a vast range of sizes (small, medium and also big ones) which are still far from the concept and are not working to be closer.

2. As a journalist, how do you see companies that are bringing CSR closer to their business strategies?

As a journalist, I consider the most interesting are those companies that are really placing CSR in their business strategies. That’s what makes news and not the fact they are running social or environmental projects. We have a steady section dedicated to CSR in our newspaper since October 2004. In the beginning some articles were focused on social projects and companies’ private social investments. As time went by we were urged to feel our focus. Our current coverage focus on how companies are placing CSR in the way they make business – if they are developing products or services for the poorest population; if they are acting effectively to reduce emissions of hazardous substances; if they are developing CSR in their supply chain etc. Finding out this kind of information demands a lot but it is more interesting from a journalistic point of view. Describing company’s social projects is not journalism. That’s corporate information.

3. How can press help companies to implement its CSR strategies?

I believe press plays the role to inform people and show the direction by exposing successful initiatives and that’s the place where an improvement is needed and there are blanks. I am so happy when I receive feedback from readers who make comments and show encouraged to find more information about a specific question.

4. Is it easy to identify when a company is using CSR as a marketing tool or if it is really committed to the topic?

We, journalists who work with the topic, end up developing a critical view, a feeling to identify when a company only wants to use CSR for marketing purpose. I have been following CSR for 6 years already
and one of the clues is whenever a company makes a strong effort to communicate something – whenever insists a journalist to cover a specific topic and invites you continuously to get to know a project. Also when they invite you repeatedly to lunch. That’s a signal. But by taking a look in the press release is enough to identify if the topic is serious or not.

5. **Does CSR increase profits?**
I haven’t read any research testifying effectively that CSR boosts company’s profits yet. However there are some clues it does since it reduces operation risks and make a company more attractive for investments and acquisitions. From an operational perspective, I can say that investments in eco-efficiency and environmental technologies reduce disposal and use of energy, water and raw material which is important to become a more efficient company by increasing profits in a more perceptible way.

6. **In your opinion, are consumers more sensitive to companies with irresponsible behavior?**
I can see there is a trend customers are more sensitive and this process varies from country to country and from class to class as well. Customers in rich countries or those with more purchase power tend to be more concerned with those issues. That’s also a trend that makes people more aware of their rights as customers. Once they are aware of their rights, they pay more attention to company’s practices.
APPENDIX III – Interview transcript with journalist Rosenildo Ferreira

Journalist: Rosenildo Ferreira

Position: reporter

Rosenildo Ferreira writes a column about Corporate Social Responsibility. He has been working as a journalist since 1986. He worked for many important publications as a business reporter.

Media: Isto É Dinheiro Magazine

Isto É Dinheiro Magazine is the first weekly business publication in Brazil and deals with a vast range of topics about the corporate world.

1. In your opinion, why companies are focusing more on CSR strategies in Brazil?

Because the country is the rhythm of globalization and it is not possible to exclude those questions regarding CSR anymore. The de-privatization of the public companies brought a great number of foreign companies with a new business and social mind. This can be explained as one of the most important factors of this approach. As a “local regulation milestone”, we can call this, we can highlight the UN Eco Conference in Rio de Janeiro in 1992. That event was a seed to the growth of NGOs and also helped to bring social themes to business world.

2. As a journalist, how do you see companies that are bringing CSR closer to their business strategies?

I understand as an input capable to differentiate companies. But, it is important to highlight that it is necessary companies have honest and transparent actions and behavior. Pretending that it is socially responsible or also keeping a doubtful position it seems to work as a potential demoralization factor. Serious companies, which are truly committed to those causes they embrace, are well perceived by social and business communities.

3. How can press help companies to implement its CSR strategies?

It is not the press role to help in this task. What best describes the press role is the fact it discusses trends, show differences between serious and opportunistic projects and also helps to inform about causes with a relevant impact in society. Governments and companies have to look after the rest. Press has to be used as a mean to report and to open space to debate. I don’t believe in regulating press. That is the role of the governmental regulatory institutions. Press can denounce and be responsible.

4. Is it easy to identify when a company is using CSR as a marketing tool or if it is really committed to the topic?

Surely. Most of times one of the indicators are the involved values, how big the audience benefited from the initiative is and density of the project itself. In addition to this it is possible to measure this by analyzing how much of the company’s money and fiscal resign is being used in the initiative. Making good projects known and using them as a marketing strategy is not a sin. The sin is investing, for instance, 1 million reais (US$ 500.000) in a specific action and 50 million reais (US$ 25 million) to publicize it. If that happens, community tends to refuse the company.

5. Does CSR increase profits?

I really don’t know steady elements able to prove this. But the fact is that the more a responsible is a company the more admired. If it is well managed, certainly it will not have financial problems. For instance, the Dow Jones Sustainability Index and the Bovespa (Bovespa is the Sao Paulo Stock Market Index) show that shares of the socially responsible companies increase more than the average growth. That might be a casualty only.

6. In your opinion, are consumers more sensitive to companies with irresponsible behavior?

Undoubtedly. The publication of disastrous environmental and health harmful practices tends to kill a company financial health. Shortly this will be felt as a rejection wave for products Made in China due to denounces about the use of contaminated inks in toys, for example.
APPENDIX IV – Interview transcript with Instituto Akatu

NGO: Instituto Akatu

Contact: Andréa Wolffenbüttel
Position: communication and content manager
Instituto Akatu is a non-profitable organization founded in 2001 under responsibility of Instituto Ethos of Corporate Social Responsibility, whose objective is to educate and encourage society towards conscious consumption. The word Akatu derives from the indigenous language tupi whose meanings are “good seed” and “better world”. It translates the idea that a better world depends on each individual action.
Instituto Akatu develops educational and communication projects in order to encourage and mobilize citizens for a conscious consumption.
Webpage: www.institutoakatu.org.br

Instituto Akatu develops periodical researches about the practice of the conscious consumption in Brazil and the perception of the Brazilian consumer towards CSR. For each question below, we present some information obtained from our researches and a conclusion based on the referred data.

1. What kind of return investments in CSR can bring to companies, in other words, how CSR can add value to business?

Survey CSR 2005
I am interested to know how companies try to be socially responsible – 78% of the interviewees totally/partially believe

Survey 7 (collected in 2006 and issued in 2007)
72.4% of the consumers tend to use word of mouth to spread corporate and product information.
37% of the Brazilian consumers said they can pay more for green certified products
84% of the consumers agree that the economic production activity is impacting climate change whose effects may be very serious and so they have to be urgently prevented or avoided.
There are many powerful companies, some of them capable to allocate more resources than many countries in the world – 79.5% agree.
Also big companies are vulnerable to face up problems in case they don’t fulfill consumer behavior changes – 86.1% agree

Conclusion
According to the referred above information, Brazilian consumers are very interested about CSR activities being developed by organizations and they are willing to discuss them with acquaintances. Moreover, 4 out of 10 consumers agree to pay more for green products.

The data also show that consumers recognize the impact caused by corporate activities and how powerful companies are therefore it is clear that consumers have got a greatest power. In case companies don’t serve them appropriately, organizations are subject to face problems.
Having said that, we can conclude that those values obtained from investments in CSR may range from financial to intangible gains, as the improvement of the brand image for instance.

2. How consumers respond to CSR initiatives?

Survey CSR 2005
It is company responsibility to help solving societal problems such as criminality, poverty and low education – 88% totally or partially agree.
Big companies should be focused on gaining profits, paying taxes and creating employment positions, accomplishing laws in such a way they can establish higher ethical standards and also going beyond to legislation requirements. So they might build a better society for all – 44% agree.

Survey 7
Companies are very influential while they are influenced by consumers. They are flexible enough when necessary, 78,6% agree.

61% of the Brazilian consumers practice and encourage the consumption of social and environment friendly products/companies.

67% encourage others to buy products from socially and environmentally responsible companies or from those that treat employees and suppliers well.

61.5% usually punish companies that jeopardize society or environment by boycotting their products.

Conclusion
Consumers are realizing that corporate responsibility goes beyond profit making and respect of laws. Moreover, as said in the previous question, consumers recognize their influential power into companies. The result is that consumers are more encouraged to seek for corporate information, discussing it with acquaintances and willing to award or punish companies according to their CSR actions.

3. How companies use CSR to improve reputation?
We don’t have survey data to answer this question, therefore we constantly see companies using media to inform society they are investing in CSR and thus informing about their initiatives in order to obtain reputation gains from the recognition of the general public.

4. Is it easy to identify when a company uses CSR as a marketing tool or if it is really committed to the cause? How?
We don’t have survey data for this question, but the answer is no. It is not easy to distinguish. But if consumers are really interested in a specific topic, they can visit company webpages, read corporate social reports and follow the media to check if company activities are coherent to the image it wants to be perceived.
The relationship between companies and employees is also an important indicator since CSR starts internally. When a company uses CSR as a marketing tool, it usually prioritize big actions to gain media coverage.

5. Do you believe consumers are skeptical about the reasons why companies adopt CSR policies?
Survey CSR 2005
Companies honestly and accurately communicate what they are doing in terms of CSR. – 45% totally or partially disagree.

Survey 7
Before discussing with acquaintances good or bad rumors what companies are doing, I usually check if the information is accurate. 77% agree

Conclusion:
Most of the interviewees claim companies don’t communicate accurately their CSR activities. One of the explanations may be the skepticism that companies hide something behind CSR activities. So we can affirm that Brazilian consumers are skeptical about the reasons that lead a company to adopt CSR actions. Moreover the referred surveys show that 77% of the consumers check the accuracy of the information before spreading the information, in other words they check information before concluding something that might be wrong.
6. Some market researches point out that Brazilian consumers build their perceptions towards corporate reputation based on CSR criteria. Why is that happening? Is that a short or long-term trend?

We don’t have survey data for this question, however we can assume that consumers believe that corporate responsibility goes beyond the production of good quality products and accomplishment of laws. It means that they expect companies to behave actively in solving social and environmental problems which the whole society can benefit from it. Therefore it is natural that consumers use CSR actions as an indicator to gain an opinion. Instituto Akatu agrees and encourages this attitude and we envision it as a long-term trend that will be more concrete in the future.

7. Is the CEO commitment important for CSR? How?

We don’t have survey data for this question. However in order to have a more concrete CSR activity, it is necessary to consider it as a company strategic topic. The CEO support is necessary to give CSR this level of importance inside an organization.

8. Are consumers sensitive to an irresponsible corporate behavior?

Survey CSR 2005
I boycotted or outshined a company image as a punishment last year - 30% did or thought about it.

Survey 7
61.5% usually boycott products from companies that jeopardize society or environment.

53% encourage companies to avoid or correct environment harm caused by their operations.

Conclusion
Consumers are sensitive to irresponsible corporate actions. More than our surveys data, we have examples such as boycotts to companies like Nice due to child labor.

9. How NGOs affect corporate reputation (both as a cooperative or confronting manners)?

RSE 2005
My respect for a company would increase if it was established a partnership with philanthropic institutions or NGO – 62% totally agree; 85% totally or partially agree.

Conclusion
Supporting an NGO may contribute to increase good corporate image since this NGO is seen as legitimate and serious. Many NGOs are more credible for consumers than companies. Therefore when a company allies its name with a prestigious NGO, it adds value to the brand. The same may happen in the other way round. We see, for instance, when Greenpeace publish the red lists, companies are jeopardized and are asked to explain its wrong practices.
APPENDIX V – Online consumer survey

Introduction email

Dear all,

I am about to finish my master education after two long years and I need your help right now to answer an online consumer survey about Brazilians’ perception of companies’ social responsibilities.

This is a very easy-to-answer questionnaire and you Will not take more than 10 minutes to answer it.

I really appreciate if you can forward this email to your friends and contacts. All answers are very welcome!

In order to access the survey, please click on http://aln.asb.dk/StudSurvey/survey.aspx?surveyid=xf5v55730gbo2m3

Thanks again for your help.

Luiz

Survey Results

![Pie chart showing age group distribution]

Which of the following age groups do you belong to?

- Under 18: 28 (13%)
- 18-25: 9 (4%)
- 26-35: 2 (1%)
- 36-45: 33 (16%)
- 46-55: 99 (48%)
- Over 55: 37 (18%)

Total of votes: 208
Gender

- Female: 68 (31%)
- Male: 150 (69%)

Total of votes: 208

Please state your current level of education

- Elementary school not finished: 58 (39%)
- Elementary school finished: 1 (1%)
- High school not finished: 2 (1%)
- High school finished: 76 (52%)
- University not finished: 4 (3%)
- University finished: 2 (1%)
- Post-graduation not finished: 32 (15%)
- Post-graduation finished: 6 (3%)

Total of votes: 208

How interested are you in being aware about what companies are doing in term of Corporate Social Responsibility?

- Very interested: 95 (46%)
- Interested: 68 (33%)
- Slightly interested: 6 (2%)
- Slightly not interested: 5 (2%)
- Not interested: 2 (1%)
- Not interested at all: 6 (3%)

Total of votes: 208
I believe that business must make efforts to behave in a socially responsible manner

Total of votes: 208

I would pay more to buy products from a socially responsible company

Total of votes: 208

I consider the ethical reputation of business when I shop

Total of votes: 208
I avoid buying products from companies that have engaged in immoral actions

- 99 (48%): Strongly disagree
- 70 (34%): Disagree
- 3 (1%): Partially disagree
- 6 (3%): Neutral
- 3 (1%): Partially agree
- 24 (12%): Agree
- 3 (1%): Strongly agree

Total of votes: 208

I would pay more to buy products from companies that show care for the well-being of our society

- 57 (27%): Strongly disagree
- 77 (38%): Disagree
- 11 (5%): Partially disagree
- 6 (3%): Neutral
- 13 (6%): Partially agree
- 6 (3%): Agree
- 37 (18%): Strongly agree

Total of votes: 208

If the price and the quality of two products are the same, I would buy from a firm that has a socially responsible reputation

- 139 (67%): Strongly disagree
- 50 (24%): Disagree
- 2 (1%): Partially disagree
- 8 (4%): Neutral
- 2 (1%): Partially agree
- 4 (2%): Agree
- 3 (1%): Strongly agree

Total of votes: 208
I believe that business must maximize profits

- 76 (38%) strongly agree
- 75 (36%) agree
- 38 (18%) neutral
- 7 (3%) partially agree
- 4 (2%) partially disagree
- 5 (2%) disagree
- 3 (1%) strongly disagree

Total of votes: 208

I believe that business must always improve economic performance

- 103 (51%) strongly agree
- 55 (26%) agree
- 2 (1%) neutral
- 2 (1%) partially agree
- 44 (21%) partially disagree
- 2 (1%) disagree
- 0 (0%) strongly disagree

Total of votes: 208

I believe that business must ensure that their employees act within the standards defined by the law

- 141 (68%) strongly agree
- 65 (31%) agree
- 0 (0%) neutral
- 0 (0%) partially agree
- 0 (0%) partially disagree
- 2 (1%) disagree
- 0 (0%) strongly disagree

Total of votes: 208
**I believe that business must refrain from putting aside their contractual obligations**

Total of votes: 208

**I believe that business must ensure that the respect of ethical principles has priority over economic performance**

Total of votes: 208

**I believe that business must be committed to well-defined ethical principles**

Total of votes: 208
I believe that business must help solve social problems

Total of votes: 208

I believe that business must allocate some of their resource to philanthropic activities

Total of votes: 208

In your opinion, an organization carrying out CSR strategies should:

Total of votes: 208
In your opinion companies in Brazil are doing a good job to build up a better society for all?

Total of votes: 208

The most important factor that makes me to have a good perception of a company is:

Total of votes: 208

Have you already punished a company not buying its product or service because you found out the organization is not socially responsible?

Total of votes: 208
If you said no, would you not buy a product produced by a non socially responsible company?

- Yes: 48 (57%)
- No: 36 (43%)

Total of votes: 208

Do you see positively when a company communicates messages about its philanthropic activities such as donations to entities in need?

- Yes: 155 (74%)
- No: 37 (18%)
- Neutral: 16 (8%)

Total of votes: 208

In your opinion, companies in Brazil communicate honestly and accurately what they are doing in social and environmental matters?

- Yes: 22 (11%)
- No: 148 (71%)
- Neutral: 38 (18%)

Total of votes: 208
Which type(s) of channel do you use in order to get information about companies' social engagement?

<table>
<thead>
<tr>
<th>Channel</th>
<th>Votes</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Company website</td>
<td>142</td>
<td>19%</td>
</tr>
<tr>
<td>TV advertisements</td>
<td>136</td>
<td>18%</td>
</tr>
<tr>
<td>CSR reports</td>
<td>94</td>
<td>13%</td>
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<td>Press (magazines, newspapers, radio, TV news, Internet)</td>
<td>82</td>
<td>11%</td>
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<tr>
<td>Internet social media (Facebook, Orkut, Twitter, Blogs)</td>
<td>57</td>
<td>8%</td>
</tr>
<tr>
<td>Family and friends</td>
<td>39</td>
<td>5%</td>
</tr>
<tr>
<td>Radio</td>
<td>15</td>
<td>2%</td>
</tr>
<tr>
<td>News on websites</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total of votes: 208

In your opinion, companies are responsible for helping to reduce the gap between rich and poor

- 19 (9%) (1) companies don’t have responsibility
- 57 (27%) (2) companies should be partially responsible for it
- 132 (64%) (3) companies have total responsibility for it

Total of votes: 208

In your opinion, companies are responsible for reducing human rights violations in the world

- 46 (22%) (1) companies don’t have responsibility
- 41 (20%) (2) companies should be partially responsible for it
- 121 (58%) (3) companies have total responsibility for it

Total of votes: 208
In your opinion, companies are responsible for working to avoid disease such as Aids

Total of votes: 208

In your opinion, companies are responsible for helping to solve social problems

Total of votes: 208

In your opinion, companies are responsible for encouraging employees to work as volunteers in the community

Total of votes: 208
In your opinion, companies are responsible for ensuring its products are safe and healthy

- 191 (92%)
- 15 (7%)
- 2 (1%)

(1) means that companies don’t have responsibility
(2) companies should be partially responsible for it
(3) companies have total responsibility for it

Total of votes: 208

In your opinion, companies are responsible for not damaging the environment

- 194 (94%)
- 13 (6%)
- 1 (0%)

(1) means that companies don’t have responsibility
(2) companies should be partially responsible for it
(3) companies have total responsibility for it

Total of votes: 208

In your opinion, companies are responsible for treating well the employees

- 195 (94%)
- 12 (6%)
- 1 (0%)

(1) means that companies don’t have responsibility
(2) companies should be partially responsible for it
(3) companies have total responsibility for it

Total of votes: 208
In your opinion, what is the most socially responsible company in Brazil?

<table>
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<tr>
<th>Company</th>
<th>Nº of answers</th>
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<td>Ford</td>
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<td>Hospital Albert Einstein</td>
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<td><strong>Total</strong></td>
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APPENDIX VI – Natura timeline

The Brazilian business magazine Revista Exame issues an annual publication entitled “Guia Exame de Sustentabilidade” (Exame’s Sustainability Guide, in English). In the 2008 edition, the publication awarded Natura as the most sustainable company in Brazil.

In a 6-page article about Natura, the magazine created the following Natura’s timeline to illustrate the company’s CSR activities since its foundation (Guia Exame de Sustentabilidade, 2008, p.30). The excerpt below was translated from Portuguese into English by the thesis author.

1969 Antonio Luiz da Cunha Seabra founds Natura, at that time consisting of one store and a laboratory in São Paulo. Since the beginning, Natura used natural vegetable ingredients in its products.

1983 Natura becomes a pioneer among Brazilian manufacturers of continuous use goods in its sales of refill products. In order to manufacture this packaging, the company uses approximately 20% less of natural resources.

1990 Natura outlines its Reason for Being and its Beliefs: the importance of relationships, the commitment to the truth, continuous improvement, the encouragement of diversity, valuing beauty without stereotypes or manipulations, and the company as a promoter of social enrichment.

1992 Natura signs the first company partnership with an NGO to support a local public school in the municipality of Ipacerica da Serra where the company has a plant.

1995 Creation of the Crer para Ver Program, with the objective of contributing to improving public education in Brazil. The project is funded through the sales of a product line.

1997 The distribution fleet in São Paulo city was converted to natural vehicle gas.

1998 Creation of the Board of Directors with two independent members.

1998 One of the Natura’s founders joins the foundation of the Ethos Institute.

2000 The Ekos line was launched based on the sustainable use of the Brazilian biodiversity.

2000 Natura creates a CSR department.
2001 Natura publishes the first Annual Report in Latin America that follows the Global Reporting Initiative (GRI) model, which develops voluntary models of reports on the social and environmental impact of company' activities. Natura is the first company to bring this initiative to Brazil.

2002 Natura signs the UN Global Compact.

2003 Natura creates the Management System of Corporate Responsibility obliging all company areas to meet not only financial but also environmental and social targets.

2004 Natura’s shares are firstly listed at the Sao Paulo Stock Exchange Market.

2005 It begins to adopt the “vegetalization” of the products replacing the animal fat and mineral oil by vegetable raw materials.

2006 Pioneering profit-sharing agreement in Brazil with extracting communities based on access to various types of traditional knowledge with genetic heritage.

2006 Natura bans testing on animals.

2007 Substitution of common alcohol (perfumes and deodorants) for organic alcohol, produced without sugarcane plantation slashing and burning.

2007 Natura includes environmental tables in the product packaging informing the origin of raw materials and recycled material used in the product.

2008 Natura diminishes its greenhouse gases emissions by 7% through the Carbon Neutral program whose goal is to reduce company’s emissions by 33% until 2011.

## APPENDIX VII – Facts & Figures about Brazil

### BASIC FACTS

<table>
<thead>
<tr>
<th>Official name</th>
<th>Federative Republic of Brazil</th>
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<tbody>
<tr>
<td>Capital</td>
<td>Brasília</td>
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<tr>
<td>Area</td>
<td>8,514,877 sq km</td>
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### PEOPLE

<table>
<thead>
<tr>
<th>Population</th>
<th>198,739,270 (2009 estimate)</th>
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<tr>
<td>Population growth rate</td>
<td>1.20 percent (2009 estimate)</td>
</tr>
<tr>
<td>Projected population in 2025</td>
<td>231,886,946 (2009 estimate)</td>
</tr>
<tr>
<td>Projected population in 2050</td>
<td>260,692,493 (2009 estimate)</td>
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### Largest cities, with population

<table>
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<tr>
<th>City</th>
<th>Population</th>
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<tr>
<td>São Paulo</td>
<td>10,886,518 (2007 estimate)</td>
</tr>
<tr>
<td>Rio de Janeiro</td>
<td>6,093,472 (2007 estimate)</td>
</tr>
<tr>
<td>Salvador</td>
<td>2,892,625 (2007 estimate)</td>
</tr>
<tr>
<td>Fortaleza</td>
<td>2,431,415 (2007 estimate)</td>
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<tr>
<td>Belo Horizonte</td>
<td>2,412,937 (2007 estimate)</td>
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### Ethnic groups

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<tr>
<th>Ethnic group</th>
<th>Percentage</th>
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<tr>
<td>Caucasian (includes Portuguese, German, Italian, Spanish, and Polish)</td>
<td>55 percent</td>
</tr>
<tr>
<td>Mixed Caucasian and African</td>
<td>38 percent</td>
</tr>
<tr>
<td>African</td>
<td>6 percent</td>
</tr>
<tr>
<td>Other (including Japanese and Arab)</td>
<td>1 percent</td>
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</tbody>
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### Languages

<table>
<thead>
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<th>Language</th>
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<td>Portuguese (official), Spanish, English, French</td>
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### Religious affiliations

<table>
<thead>
<tr>
<th>Religious affiliation</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Roman Catholic (nominal)</td>
<td>90 percent</td>
</tr>
<tr>
<td>Spiritists and African Brazilian religions</td>
<td>4 percent</td>
</tr>
<tr>
<td>Nonreligious</td>
<td>2 percent</td>
</tr>
<tr>
<td>Other</td>
<td>4 percent</td>
</tr>
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</table>
**HEALTH AND EDUCATION**

**Life expectancy**

- **Total**: 72 years (2009 estimate)
- **Female**: 75.7 years (2009 estimate)
- **Male**: 68.4 years (2009 estimate)

**Infant mortality rate**

- 23 deaths per 1,000 live births (2009 estimate)

**Literacy rate**

- **Total**: 90.5 percent (2007 estimate)
- **Female**: 90.9 percent (2007 estimate)
- **Male**: 90.1 percent (2007 estimate)

**ECONOMY**

**Gross domestic product (GDP, in U.S.$)**

- $1,313.4 billion (2007)

**GDP per capita (U.S.$)**

- $6,854.70 (2007)

**GDP by economic sector**

- **Agriculture, forestry, fishing**: 5.5 percent (2007)
- **Industry**: 28.7 percent (2007)
- **Services**: 65.8 percent (2007)

**Monetary unit**

- 1 real (R$), consisting of 100 centavos

**Agriculture**

- Soybeans, coffee, tobacco, sugarcane, cacao beans, beef and poultry

**Mining**

- Iron ore, tin, gold, oil, phosphates, platinum, bauxite, uranium, manganese, copper, coal

**Manufacturing**

- Machinery and transportation equipment, food products, textiles and clothing, chemicals

**Major exports**

- Road vehicles and parts, coffee and coffee substitutes, metals, feeding-stuff for animals

**Major imports**

- Petroleum, road vehicles and parts, electrical machinery, organic chemicals, industrial machinery and parts

**Major trade partners for exports**

- United States, Netherlands, Germany, China, Mexico

**Major trade partners for imports**

- United States, Argentina, Germany, Japan, Italy

*Source: Encarta [http://encarta.msn.com/fact_631504731/brazil_facts_and_figures.html]*