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Corporate social responsibility practices and motivations in a peripheral country: two Portuguese illustrative cases

João F. Proença and Manuel Castelo Branco

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Abstract

Purpose – The purpose of the paper is to provide an illustrative picture of how large corporations in a peripheral country such as Portugal engage in corporate social responsibility (CSR) practices and discuss the motivations underlying these practices.

Design/methodology/approach – In this study, a case study methodology was used to explore CSR practices and the underlying motivations in two Portuguese companies.

Findings – The results obtained suggest that some specificity may be present in the way of defining corporate responsibility for society by Portuguese companies. The Portuguese companies analysed seem to display an historical preference for corporate paternalism. This suggests that moral reasons can motivate firms (and individuals within them) to engage in social responsibility activities.

Research limitations/implications – This work focuses on two specific case studies, but other cases might find diverse findings.

Originality/value – It adds to the scarce research on CSR by Portuguese companies by providing new empirical data. It contributes to the growing body of evidence which seems to suggest that cultural differences associated with different countries affect CSR dynamics.

Keywords Corporate social responsibility, Portugal, Institutional perspectives, Moral reasons, Resource based perspectives

Paper type Case study

1. Introduction

Corporate social responsibility (CSR) refers to “company activities – voluntary by definition – demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders” (van Marrewijk, 2003, p. 102). It is related to complex issues such as environmental protection, health and safety at work, relations with local communities, human rights, corruption. One of the central questions is that of knowing whether a company should undertake certain activities or refrain from doing so because they are beneficial or harmful to society.

Aguilera *et al.* (2007) distinguish three main types of motives to engage in social responsibility activities. First, instrumental motives, when CSR initiatives are directly related to greater competitiveness of the firm, such as by protecting a company's reputation. Second, relational motives related to how a firm's actions are perceived by others, such the need for social legitimation. Third, moral motives, when actions toward a better society are instigated by organisational actors who bring their moral values into the firm. Either way, the engagement in CSR activities is increasingly considered as somehow benefiting the company as a whole (see, for example, Falck and Heblich, 2007; Heslin and Ochoa, 2008; Porter and Kramer, 2002, 2006; Sasse and Trahan, 2007).

This article tries to contribute to the understanding of the motives for companies to engage in social responsibility activities, as well as of the levels of engagement in CSR they present. It

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examines empirical evidence from Portugal because there is a paucity of research on CSR by Portuguese companies.

The aim of the article is to provide an illustrative picture of how large corporations in a peripheral country such as Portugal engage in CSR practices, and discuss the motivations underlying these practices and levels of engagement. The state of CSR divulgation in Portugal has been characterised by Neves and Bento (2005, p. 307) as “incipient”. For them, this situation could be explained by the passive attitude and the low priority given to CSR by governmental bodies. Nonetheless, according to these authors, the situation was changing and, since 2001, a group of events within CSR had taken place in Portugal to promote the concept and socially responsible practices. Pinto (2004, p. 7) suggested that Portugal has seen a significant boom in CSR since March 2000 (when the European Council approved the “Lisbon Agenda 2010”, a strategy for economic, social and environmental renewal of the EU). However, most business managers and owners seem to have attributed low priority to the topic (Pinto, 2004). In spite of being a high-income country, Portugal is one of the less developed European countries and social issues are still of great concern. In addition, a strong emphasis on the philanthropic tradition remains (Pinto, 2004).

In particular, the purpose of the article is to understand whether large Portuguese companies see, following international trends, CSR predominantly as an investment from which they can obtain economic benefits. Given the historical background presented above, it is expected that this will not be the case.

A case study approach is used to explore the following main questions:

- What are the main motives for the company’s engagement in CSR?
- What are the levels of engagement in CSR of the company?
- How do the motivations for CSR and the levels of engagement in CSR of a company compare?

As Pedersen and Neergaard (2009, p. 1274) put it:

[. . .] CSR is not just a question of either instrumentalism or altruism, shareholders or stakeholders, public relations or genuine commitment. Instead, the managerial perceptions of CSR are characterised by a great deal of heterogeneity.

The results of this study may lead to similar conclusions. Although managers stress that CSR implementation is more related to moral reasons than profit maximisation, they seem to be well aware of some of the benefits associated with CSR policies and activities.

The remainder of this article is organised as follows. In the following section, the theoretical background is presented. Then, the paper presents two case studies of two of the largest industrial Portuguese firms that operate in Europe, Asia, Africa and America and discusses their CSR practices and the motives behind them, as well as the levels of engagement in CSR. Finally, a discussion of the findings and some concluding thoughts are offered.

2. Theoretical background

The motivations for engaging in CSR initiatives differ significantly (Aguilera *et al.*, 2007; Brønn and Vidaver-Cohen, 2009; Pedersen and Neergaard, 2009; Portney, 2008). Some may simply believe that commitment to CSR is morally right, whereas others think of CSR as an instrument to improve the relationship with the stakeholders, to increase operational efficiency and reduce costs, or to obtain or increase reputation as a good corporate citizen (Pedersen and Neergaard, 2009).

To understand why firms engage in CSR activities it is increasingly necessary to integrate different theoretical perspectives. Bansal and Roth (2000) emphasise the need to apply “ideas rooted in institutional theory, economic theory, and individual values” (Bansal and Roth, 2000, p. 733) in the analysis of CSR. These authors investigated the motives for adopting environmentally responsible operations exploring economic rationales,

institutional forces (such as regulatory, market and social pressures) and ethical reasons. They identified three basic motivations:

1. those related to the improvement of long-term financial performance (competitiveness);
2. those related to the desire to comply with established regulations, norms, values or beliefs (legitimation); and
3. those related to a concern for doing the right thing and promoting the social good (ecological responsibility).

A company will engage in CSR activities driven by various motives. Some engage in CSR activities due to external pressures, either to conform to what other companies do – as they believe that not doing so would harm them in terms of their profitability and survival – or to respond to discrediting events – as they believe them detrimental to their profitability and survival, and in need of addressing in order to mitigate their effects. Companies engage in socially responsible activities in order to conform to the norms and expectations of their stakeholders on how their operations should be conducted. These motivations are consistent with the discussions offered by the proponents of institutional theory perspectives (see, for example, Deephouse and Carter, 2005; Zimmerman and Zeitz, 2002). These perspectives are widely used as lenses through which to explore CSR (Bessire and Onnée, 2010; Campbell, 2006, 2007; Elms and Phillips, 2009; Doh and Guay, 2006; Doh *et al.*, 2010).

Some companies believe that being seen as socially responsible will bring them a competitive advantage, allowing them to achieve better economic results. Having good relations with their stakeholders is expected to result in increased financial returns by assisting in developing valuable intangible assets that can differentiate a company from its competitors. Engaging in social responsibility activities when these are expected to benefit the company is a behaviour which can be examined through the lens of the resource-based perspectives (RBP) (Branco and Rodrigues, 2006; McWilliams *et al.*, 2006; Siegel, 2009; Surroca *et al.*, 2010). The RBP suggest that companies generate sustainable competitive advantages by effectively controlling and manipulating their resources that are valuable, rare, cannot be perfectly imitated, and for which no perfect substitute is available (see, for example, Barney, 1999; Bowman and Ambrosini, 2003; Kraaijenbrink *et al.*, 2010; Pertusa-Ortega *et al.*, 2010).

Many companies engage in CSR due to the belief that some kind of competitive advantage accrues to them. From a RBP, CSR is seen as providing internal or external benefits, or both (Branco and Rodrigues, 2006; Orlitzky *et al.*, 2003). Investments in socially responsible activities have internal benefits by helping a company in developing new resources and capabilities which are related to know-how and corporate culture. Investing in social responsibility activities has important consequences on the creation or depletion of fundamental intangible resources, namely those associated with employees (Peterson, 2004; Brammer *et al.*, 2007; Vitaliano, 2010).

The external benefits of CSR are related to its effect on corporate reputation (Branco and Rodrigues, 2006; Gallego-Álvarez *et al.*, 2010; Orlitzky *et al.*, 2003; Orlitzky, 2008; Worcester, 2009). Companies with a good social responsibility reputation are able to improve relations with internal actors, such as employees, and with external actors, such as customers, investors, bankers, suppliers and competitors. Reporting on a company's behaviours and outcomes regarding social responsibility helps in building a positive image with stakeholders.

Another motive for engaging in CSR could be that, for some companies, the engagement in socially responsible activities is a reflection of their managers' personal values (Hemingway and Maclagan, 2004). Social issues may merit moral consideration and lead managers to consider the social impacts of corporate activity through their decision making. On the other hand, many companies have a business culture that upholds certain business principles according to which CSR is perceived as a moral duty of the firm (Graafland and van de Ven, 2006). However, it is unlikely that companies will make decisions which they know will be detrimental to their financial performance.

van Marrewijk (2003) proposed a framework integrating the three basic motivations presented above (competitiveness, legitimation and responsibility) that can be used to

analyse the motivations for CSR. It consists of five “ambition levels” of CSR grounded on how a corporation’s management relates to its social, economic, and environmental responsibility. All perspectives offered imply that a stakeholder primacy focus of CSR is a philosophy that all firms should adopt, and most saliently, that there are never negative consequences that may result from its adoption. According to van Marrewijk (2003), there are five types of CSR philosophies that a firm can adopt:

1. compliance-driven;
2. profit-driven;
3. caring;
4. synergistic; and
5. holistic (see Table I).

van Marrewijk (2003) concludes that every organisation has the right to choose one of those philosophies, in accordance with outside challenges and individual abilities.

Another useful framework integrating the three basic motivations alluded to above is proposed by Johnson (2003). This framework is rather helpful to analyse how companies are involved with CSR. Johnson (2003) views CSR as a continuum, involving all stages of the development of a company, ranging from companies engaged in illegal activities to those striving for social change. Johnson’s (2003) continuum has five different levels and is illustrated in Figure 1.

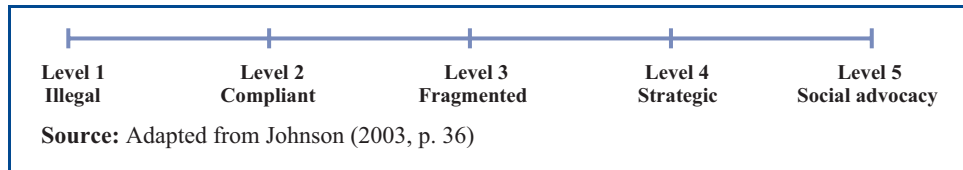
- *Level 1: illegal.* At this level, companies generally do not comply with the normal or legal standards established by society (Johnson, 2003).
- *Level 2: compliant.* At this level, companies are in minimal compliance with all local and national laws, e.g. product safety, minimum wage, employee health. Beyond this legal compliance, they engage in few or no activities that might be labelled CSR (Johnson, 2003).

Table I van Marrewijk’s (2003) CSR framework

<i>CSR ambition level</i>	<i>Motives</i>
Compliance driven	CSR is seen as social obligation; the perception of CSR’s expenditures is that of simply a cost
Profit driven	CSR is seen as a strategic initiative – using CSR to create competitive advantage and superior financial performance; CSR’s expenditure is perceived as an investment in the creation and renewal of competitive advantage – resulting in an enhanced stream of future profits
Caring	CSR is used to balance the triple bottom line of: profits, people, planet; Explicitly stating that the corporation will manage for social welfare, not simply to create wealth for shareholders; Social and/or environmental responsibility trumps economic responsibility
Synergistic	Use of CSR to attempt to create a “sustainable corporation” – that will be able to be an ongoing concern over the long run; Social and/or environmental responsibility is strategically used to create competitive advantage and meet the corporation’s economic responsibilities
Holistic	CSR is seen as a corporate culture – similar to when firm adopts a marketing, entrepreneurial, or quality orientation; Social and/or environmental responsibility is strategically used to create competitive advantage and meet the corporation’s economic responsibilities

Source: Adapted from Munilla and Miles (2005, p. 377)

Figure 1 CSR continuum



- *Level 3: fragmented.* At this level, companies engage in a limited number of additional activities considered to represent CSR, such as: charity, community activity, environmental certification. The CSR activities of these companies are fragmented rather than strategic, and the social commitment is minimal and of mixed motives (e.g. profit-oriented or personal) (Johnson, 2003).
- *Level 4: strategic.* Companies at this level specifically target those areas they believe will enhance financial performance. These companies generally have strong ethics policies and want to be environmentally friendly and support local communities, e.g. with roads, traffic, school assistance and health care (Johnson, 2003). At this level, companies are aware of the impact that a good image of the companies could have on the financial performance.
- *Level 5: social advocacy.* At this level CSR is a moral initiative based on the belief that a company should be good regardless of the financial consequences, positive or negative. The profit making is a necessary condition for a company's survival, but it cannot be the sole purpose of their existence. According to Johnson (2003), business must exist for a higher purpose than just to make money (Johnson, 2003).

When companies are at level 3 and at level 4, they can be called socially responsible companies. But only at level 5, companies go beyond and become an instrument for improving the society (Johnson, 2003). Commitment to social change and improvement of the human life, are the distinguishing characteristics of companies at level 5. The model developed by Johnson (2003) will be used to analyse the levels of engagement in CSR.

3. Methodology

In this study, a case study methodology was used to explore CSR practices and the underlying motivations in two Portuguese companies. This methodology is suited for exploratory research (Eisenhardt, 1989) and it offers advantages not found in more quantitative research tools (Yin, 2003). Qualitative data allows the researcher to explore more completely complex relationships which are difficult to capture using quantitative studies. Furthermore, whereas quantitative methods are convenient to study situations characterised by homogeneity of behaviours and routines, case studies are suited to analyse situations in which creativity and innovation prevail.

Notwithstanding, this methodology has been criticised for its lack of objectivity and accuracy (Patton and Appelbaum, 2003). Given that the results obtained are dependent on the researcher's personal interpretation of the data, he/she assumes a central role. In addition, data are obtained from many different sources, and it is difficult to find standard procedures of treatment. Qualitative research relies on data collection methods that may present biases, such as the cases of researcher bias or over-reliance on one source. To mollify the possible effects of some of these biases the researcher is advised to develop a documented, systematic approach to data collection to permit to other researchers the assessment of potential bias. The use of triangulation will also assist in the enhancement of research robustness (Patton and Appelbaum, 2003). Triangulation is defined as occurring when data from multiple sources from different data collection methods back a similar conclusion, or at the least, do not contradict it (Miles and Huberman, 1994).

This paper compares two case studies of companies belonging to two different sectors in Portugal in order to investigate how they understand and manage CSR. The chosen

companies are by no means representative for the industries, but rather study units that are selected with a desire to explore different experiences and perspectives.

Two companies were chosen for the analysis. First, two sectors with a high contribution for the Portuguese economy were selected. Both the footwear sector and the construction sector have contributed highly to the Portuguese economy. Portugal is traditionally specialized in labour-intensive industries with just a few product differentiations as textiles, clothing and footwear. In Portugal, construction accounts for around 50 per cent of gross fixed investment, 7 per cent of GDP output and 12 per cent of employment, according to 2004 data. The sector has been one of the main engines of economic growth in recent years. Its activities also generate multiple effects in other sectors.

Two companies among the largest in each one of these sectors were then selected. Both companies selected occupy an important place in the Portuguese economy: A is one of the leading companies in the footwear industry and B is one of the leading companies in the construction industry.

The primary method of data collection was in-depth, face-to-face, semi-structured interviews to the most important agents involved in the CSR process. The in-depth interview was considered the most appropriate tool for the present research. It was seen as offering more flexibility in identifying understandings of the CSR concept as well as in identifying the CSR practices exercised by the companies.

Within both companies, the interviewees are the persons in charge for the CSR practices: in company A, the human resources managers and the general manager; in company B, the human resources managers and the communication department manager. Senior managers of the companies were previously contacted to identify these agents. In the flowchart of B the Communication Department and the Human Resources Department are managed by the same person.

All interviews were conducted in May and June of 2007 at the corporations' headquarters. The duration of interviews was between 1-2h each. The interviews were recorded and later transcribed. A previously developed interview guide was used during the interview, to elicit the interviewee's perceptions of the motivation for, and their experience of the CSR process, as well as the nature of CSR activities undertaken. The duration of the interviews ranged from 45 to 120 minutes. All of the interviews were recorded and subsequently transcribed. Where possible, the results were enriched by the analysis of information obtained from sources such as annual reports, internal reviews, brochures, catalogues, newspaper clippings, web sites documentation.

Data analysis was not an entirely separate stage of the study. The transcription process occurred immediately after the completion of the interview. On completion of this process the transcript was read while listening to the recording of the interview to ensure that the tape was accurately transcribed. An initial analysis was carried out after each interview by listening to the recordings and rereading the interview notes. The information obtained from the interviews was analysed by coding the results into the themes such as the CSR activities undertaken by the company and the basic motivations for CSR.

4. Findings and discussion

4.1 Main findings

Company A

CSR practices. The managers of A consider that a company is socially responsible when its activities are "socially worthy" and this is related to the nature of the concerns that the company has, through the issues included in the code of ethics that the company respects (for example, wages above the minimum national income, no child labour, safety of workers, safety of product, facilities for employees). According to A's general manager:

All these concerns we have, all these codes of conducts us, our partners and suppliers respect, are the ones which make our product socially worthy!

A has implemented a code of ethics that applies to all the companies within the group, as well as to all the sub-contracted companies, suppliers and partners. The code of ethics includes issues such as: health and safety at work, working conditions, facilities for employees, recruitment of young employees, human rights, etc. A respects the rules and codes of conduct and works with partners that respect the same rules and codes of conduct. A has implemented several activities for employees' children, actively contributes to community development (educational projects, charity and philanthropy, sponsorships), has its policies of environmental protection audited and a good exchange of know-how with suppliers. Its facilities provide a friendly working environment, equipped with coffee corners, paper recycling points, and a canteen for employees.

The code of ethics adopted by A also concerns other aspects such as: hygiene of the factory, bathrooms and kitchen; tables' settings and the number of employees per table in the canteen, etc. All A suppliers have to comply with the same rules. A develops spontaneous philanthropic activities and most of the time these activities are answers to different kind of requests. Areas considered to enhance financial performance are not specifically targeted. Donations are made to holy houses of mercy, institutions children in need; they make contributions for schools in the community around. The ethics code adopted by A contributes to the benefit of communities where the firm is located.

A organizes different CSR projects, such as: Recycling Project in collaboration with AMI or Tsunami Project; special days (for example, "World environment day"); they care and encourage groups of artists (for example, local Children Chorus and National Group of Mandolins). A employed 15 persons with disabilities.

A does not communicate externally their CSR activities. The general manager's belief is that communicating the social responsibility actions amounts to transforming CSR into a marketing instrument. He says that:

We don't want to transform our social actions in a marketing gun; that's why we don't want to externally advertise them.

However, he is well aware of the benefits that CSR activities might bring for the corporation and the need to communicate them. There is an internal communication of social responsibility activities the group exercises through the group's internal journal (monthly publication). A's general manager recognised that "The internal magazines work as a motivation factor for our employees."

Motives for CSR. The human resources manager of A asserted that:

We've been doing CSR since a long time ago, but now it has a name. We've been always preoccupied with CSR issues. It was this type of attitude that allowed us to become what we are today; it wasn't called CSR, it wasn't known as a concept inside the group, but certainly it is included and constitutes a part of our identity.

However, they are well aware of the benefits that such policies might bring for the company. For example, some years ago A started a summer activity for young children – the holiday camp. The human resources manager says that during the summer holidays, when kindergartens and schools are closed, the parents have a problem with their children. Some of them parents took sickness absence without actually being ill, or some were too anxious while working, spending the whole day making phone calls to their sons and daughters. The managers of A decided to organize the summer holiday camp on the factory land. Children arrive in the morning, have lunch, and attend educational games according to their age with special animators.

Regarding this CSR activity, the human resources manager declared that:

We ascertained that this activity was very profitable for us. We win four times as much:

- parents work more happily with their children around;
- children always enjoy their parents' workplace. Who knows one day they might choose us for their workplaces – the relationship we establish with these potential employees will be stronger;

- children talk about their parents' workplace more frequently at home. That in return solidifies parents' support for the group;
- it helps increasing the brand awareness.

We gain much more than we invest in this activity!

Company A designs some CSR activities to motivate employees (the holiday camps; the attention given to public awareness events like the "World environment day", the "International ozone day"; the "x-ray films recycling project"). These activities exist because the managers consider that these activities contribute to higher motivation levels of the employees and higher interest in the company itself. This is the reason to communicate internally these CSR activities. Thus, in the case of company A managers are aware that the human resource management benefits derived from CSR are a key way through which it can lead to improved financial performance.

Company B

CSR practices. The managers of B understand that a company is socially responsible when it contributes to sustainable development (there is a permanent concern within B for protecting the environment; the firm continuously train its employees in the spirit of recycling, reuse and reduce).

In terms of environmental protection, besides having an ISO 14001 certification, a special environmental policy called the "3 R's" policy (reduce, reuse, recycle) has been implemented. All the employees are compelled to attend the environmental protection trainings. In these trainings they learn a set of internal rules concerning the minimal usage of resources (paper, electricity, water, industrial materials, etc.). In accordance with their policy, a recycling point is found in each floor of the facilities.

B's headquarters have been built in an ergonomic spirit oriented towards employees. Rooms are equipped with good natural lightings and a corner for coffee and breakfast was created on each floor. A recycling point is found in each level. There is an employee in the group whose job description includes the organisation of spaces. B desires to be a contributor to the world welfare, starting with their own employees.

B has diverse educational programs for local schools, contributes to the development of the community by way of donations and collaborative projects. It offers money loans or other necessary supports to help its employees frequently.

B does not communicate its CSR actions (neither internally nor externally). According to the human resources manager, CSR actions are not communicated because the company does not want to create embarrassing situations for those who have been helped and also avoid multiple requests for assistance. He says that the company would have to decline the majority of these requests and this would be embarrassing for those who have their requests refused and also somehow detrimental for the company's image.

Company B frequently offers money loans to employees and supports them by other means, but no one within the group except the employees who are helped know about it. Communicating these actions is considered embarrassing and humiliating for those who received help.

Motives for CSR. The motives for exercising CSR in the case of company B do not seem to be associated to profitability. The motive is related with caring for people. B is concerned with the environmental protection not because it might motivate its employees but because it is perceived as a correct behaviour. On the other hand, B does not look for charity opportunities, but always answers positively to them.

4.2 Discussion

CSR practices. Although they do not adhere to none of the main principles and codes of practice regarding CSR (for example, the SA 8000 norm), these two Portuguese companies comply with strong CSR principles developed in a unique manner. Cases A and B show that

managers have different understandings of what being socially responsible means. Both companies refuse to communicate their CSR activities to external stakeholders.

It appears as if these companies are not considering the importance of communicating their CSR activities to create, protect or enhance their images or reputations. CSR communication can assist a company in the creation of a competitive advantage because “creating a positive image may imply that people are to a great extent prepared to do business with the company and buy its products” (Hooghiemstra, 2000, p. 64). It will be difficult for companies investing in social responsibility activities likely to create positive reputation to realise the value of such reputation without making associated disclosures (Hasseldine *et al.*, 2005; Toms, 2002).

However, Morsing *et al.* (2008) suggest that, in addition to an expectation by the public that companies engage in CSR activities, the public may not appreciate that companies communicate in excess about this engagement. They call this the “Catch 22”, and suggest that it be of relevance for companies operating in welfare states, like Denmark, as they possibly move from expectations about implicit to more explicit CSR approaches (Matten and Moon, 2008). Morsing *et al.* (2008, p. 108) point out that although companies located in these countries are likely to achieve favourable reputations if they engage in CSR initiatives, their managers should be also concerned with how and to what extent communicate CSR initiatives.

Complying with CSR issues is not always a matter depending solely on the company. To understand firms’ engagement in CSR activities it is also necessary to understand the cultural contexts in which they operate. Matten and Moon (2008) have compared CSR in Europe versus in the USA, and proposed a distinction between “implicit” and “explicit” CSR. They define explicit CSR as that seen in the USA, where companies have traditionally been expected to contribute to social improvements and in response therefore, companies have developed explicit CSR policies and communication. In Europe, corporate engagement in social initiatives has been embedded in the national institutional systems, and European companies, therefore, have not developed explicit and articulated CSR strategies. Gjørberg (2009, p. 11) considers that their analysis makes a convincing argument for the decisive role of national business systems and institutional underpinnings for CSR practices across nations, but it is supported by only a few empirical examples.

Portugal has a tradition of social intervention institutions, with strong links to the Catholic Church (Bento *et al.*, 2009). The paternalistic approach towards their employees that has been developed by several of the larger Portuguese companies under the dictatorship regime (1926-1974) may still persist in some of them (Pinto, 2004). The Portuguese companies analysed seem to display the same historical preference for corporate paternalism.

This study presents further evidence of the usefulness of Matten and Moon’s (2008) framework on implicit and explicit CSR. It contributes to the growing body of evidence which seems to suggest that “cultural differences associated with different countries affect CSR dynamics, with companies in different contexts exhibiting varied responses to this change in the business conduct landscape” (Prado-Lorenzo *et al.*, 2008, p. 2008).

Motives for CSR. The two cases show that CSR may be mainly driven by caring. Companies may be trying to improve the welfare of the community. Both firms practice spontaneous, unplanned philanthropic activities, not specifically targeting those areas they believe will enhance financial performance. They are not looking primarily for the financial benefits that might come up out of it. Managers of these companies do not simply want to create wealth for shareholders. They want also to manage for social welfare. They do not see CSR from the “business case” perspective. They do not seem to be looking for functional, value-creating solutions. They never look for needs, they are not proactive, they are not synergistic in CSR field, but just reactive. Thus, in terms of van Marrewijk’s (2003) CSR ambition levels, both companies’ approaches to CSR may be labelled as “caring”.

However, whereas the managers of A are interested in motivating their employees with their CSR actions and communicate them internally, the managers of B choose to hide them

because they believe that revealing such actions may be embarrassing for those who are helped. It is possible to contend that these companies overlook that a good reputation can help attract better job applicants, retain them once hired, and maintain employee morale (Backhaus *et al.*, 2002; Bhattacharya *et al.*, 2008; Brammer *et al.*, 2007; Greening and Turban, 2000; Turban and Greening, 1997; Vitaliano, 2010). This does not restrict itself to those aspects which affect them most directly, such as a clean and safe working environment or training opportunities. Other dimensions of social performance, such as those related to the environment or community relations are also fundamental to motivate employees to behave in such a way as to have positive consequences to the company, because working for socially responsible companies enhances their self-esteem. This happens probably because they do not perceive CSR activities primarily as means of enhancing financial performance.

The result that CSR implementation is more related to moral reasons than profit maximisation implies that one should be careful when emphasising the financial benefits of CSR (Graafland and van de Ven, 2006). Stressing financial advantages from CSR may drive out intrinsic moral motivations (*ibid.*).

Levels of engagement in CSR. Using Johnson's (2003) continuum of CSR engagement, both A and B are situated between levels 3 and 4. However, while A is closer to the level 4, B is closer to level 3.

Figure 2 shows the positions of A and B on Johnson's (2003) scale.

A has implemented strong CSR policies: it has an official code of ethics and there is a department within the company devoted to its implementation and control; it makes important contributions to the local community; and it has a good health care assistance for its employees. The managers of this company do not target strategic areas they believe would enhance financial performance and are not fully aware of the impact that a good image of the company could have on the financial performance. Their philanthropic activities are not planned; they just occur spontaneously every time there is a call for them. CSR actions developed by company A are mainly nourished by the willingness to bring a contribution where governments have failed.

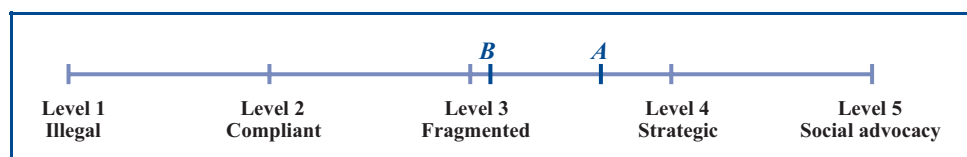
B's level of engagement in CSR is mainly fragmented. B has a small number of CSR practices, which include charity and community activity (money donations, sponsorships for sports teams). However, this company has a strong policy concerning environmental protection, which includes ISO 14001 certification. In contrast, B never plans its charity activities. The strong policies concerning environmental protection situate B little above level 3. There is still a long way to be stepped for reaching the strategic level 4.

5. Concluding comments

This study is exploratory and descriptive and has as main goal providing insights on how companies exercise CSR in Portugal and what motivates them. Few studies on CSR practices and motivations in peripheral countries have been made. Thus, this paper may contribute with some useful insights to CSR literature.

Findings suggest that it is necessary to consider the personal values of managers and their alignment with CSR values. CSR implementation seems to be more related to moral reasons

Figure 2 Levels of engagement in CSR of A and B



than profit maximisation. Nonetheless, managers stress that they seem to be well aware of some of the benefits associated with CSR policies and activities.

The analysis presented in this study suggests that some specificity may be present in the way of defining corporate responsibility for society by Portuguese companies. The Portuguese companies analysed seem to continue to display an historical preference for corporate paternalism.

This paper also presents several limitations. First, the paper used two illustrative cases, but other cases might find diverse findings. Second, only the people responsible for CSR in the two companies were interviewed and it is very unlikely that they will suggest that they engage in CSR strictly to increase sales so the motivations they provide might not be entirely accurate. There is still much to learn about CSR practices and motivations, in particular in peripheral countries such as Portugal. An interesting possible extension of this study would be to interview other employees of the organisation and other stakeholders to find out how CSR is viewed by a number of different stakeholder groups.

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