



CORPORATE SOCIAL RESPONSIBILITY: A MULTIPLE CASE STUDY OF THE CIVIL CONSTRUCTION INDUSTRY IN THE STATE OF BAHIA, BRAZIL

Responsabilidade social corporativa: um estudo de múltiplos casos da indústria da construção civil no estado da Bahia, Brasil

Paulo Melo, Manoel Joaquim F. de Barros, Edson Jorge M. De Sousa
Universidade Salvador – UNIFACS, Salvador, Brazil

E-mail: pmmelo@yahoo.com, manojfb@gmail.com, edsonjorgedemoraes@icloud.com

ABSTRACT

The main aim of this research is to verify the importance of corporate social responsibility (CSR) in the context of the civil construction industry in the State of Bahia. The CSR became relevant as business environment is increasingly more complex and competitive, and society has demanded from organizations concrete actions about issues such as sustainability and social development. Those actions are aligned with the ten principles suggested by the United Nations Global Compact. To carry out this research, a multiple case study strategy was used through interviews with key respondents from six construction companies based in the State of Bahia. The findings showed that CSR is a relevant issue as far as business strategies are concerned for 67% of companies surveyed. Despite the theme is not a consensus, this study showed that several actions have been developed informally related to CSR, especially those linked to the welfare of communities surrounding construction sites and the use of modern technologies that help reducing environmental impact, the management of construction waste (debris).

Keywords: Corporate social responsibility, Sustainability, Strategy, Environment.

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RESPONSABILIDADE SOCIAL CORPORATIVA: UM ESTUDO DE MÚLTIPLOS CASOS DA INDÚSTRIA DA CONSTRUÇÃO CIVIL NO ESTADO DA BAHIA, BRASIL

*Corporate social responsibility: a multiple case study of the civil
construction industry in the state of Bahia, Brazil*

Paulo Melo, Manoel Joaquim F. de Barros, Edson Jorge M. De Sousa
Universidade Salvador – UNIFACS, Salvador, Brazil

E-mail: pmmelo@yahoo.com, manoeljfb@gmail.com, edsonjorgedemoraes@icloud.com

RESUMO

O objetivo principal desta pesquisa é verificar a importância da responsabilidade social corporativa (RSC) no contexto da indústria da construção civil no Estado da Bahia. A RSE ganhou relevância na medida em que o ambiente de negócios está cada vez mais complexo e competitivo, e a sociedade tem exigido das organizações ações concretas em questões como sustentabilidade e desenvolvimento social. Essas ações estão alinhadas aos dez princípios sugeridos pelo Pacto Global das Nações Unidas. Para realizar esta pesquisa, uma estratégia de estudo de casos múltiplos foi utilizada por meio de entrevistas com respondentes-chave de seis empresas de construção sediadas no Estado da Bahia. Os resultados mostraram que a RSE é um tema relevante no que diz respeito às estratégias de negócios para 67% das empresas pesquisadas. Apesar do tema não ser um consenso, este estudo mostrou que diversas ações têm sido desenvolvidas informalmente relacionadas à RSE, principalmente aquelas ligadas ao bem estar das comunidades do entorno dos canteiros de obras e ao uso de tecnologias modernas que auxiliem na redução do impacto ambiental, a gestão de resíduos da construção (dejetos).

Palavras-chave: Responsabilidade social corporativa, Sustentabilidade, Estratégia, Meio Ambiente.

INTRODUCTION

The increase of complexity in the business sector, together with the advances of latest information and communication technologies and consequent improvements of firm's productivity, have resulted in significant growth of competitiveness among organizations. This growth of competitiveness has caused significant changes inside companies, those focused on new differentiation strategies that include economic, social, organizational, and environmental dimensions. As far as different dimensions are concerned, social and environmental ones are becoming more relevant. Organizations which are social and environmentally responsible are in constant searching for answers for new challenges presented by contemporary management strategies. These strategies aim sustainable competitive advantages for companies in different markets and countries.

In response to these challenges, a new concept is appearing: the so called Corporate Social Responsibility (CSR). According to the Commission of the European Communities (Commission of the European Communities, 2001), CSR is a concept whereby organizations decide voluntarily to contribute to a better society and a cleaner environment. Then, CSR aims to drive businesses to make companies an important partner of society and co-responsible for its development, not only economically but also social and environmentally speaking.

To highlight the importance of CSR, the United Nation (UN) Secretary-General Kofi Annan in 1999, during his speech at the World Economic Forum launched the UN Global Compact focused to promote among companies worldwide, corporate policies based on sustainable social and environmental practices.

According to Voegtlin & Pless (Voegtlin & Pless, 2014), despite some limitations and challenges, this UN initiative has generated considerable attention and discussions among companies around the world and a new organizational infrastructure has emerged and changed the scope of social responsibility of those companies with benefits for the businesses and society as a whole.

Based on this concept, companies and governments are changing, affecting contemporary management strategies. One of the main changes is related to the understanding that organizational strategic decisions should not be driven by the accomplishment of shareholder's interests only, but also driven by other stakeholders' interests, such as employees, suppliers, public agents, competitors, local communities, environment, and society. This kind of debate is making a turn in another direction: while designing corporate strategies, firms should take into consideration not only the view that shareholders are the only and the main stakeholder. Firms should also consider the search for minimizing environmental and social potential negative impacts. It is a naive and a superficial feeling to believe that these actions would threaten the competitiveness of companies.

Companies has been accelerating and widely accepting this new organizational philosophy since the end of the 20th century with the growing concern for social and environmental impacts caused by some economic agents, such as firms in the oil, energy, and civil construction industries. In the construction industry, companies have caused impacts in the environment by changes in the local geography and treatment of residue, where construction works (building sites) are found.

As a result, firms in this sector are adapting and adopting new strategies able to attend this new reality. Society pressure causes this new move to much more respect with the environment, which is more conscious, pushing companies to intensify actions to attend this new organizational profile of the social and environmental responsibility of firms.

In this context, the present study aims to understand how firms in the civil construction industry perceive the trend of the growing of CSR as an organizational strategy. The application of such strategy may help to improve firm's competitiveness and public image before society. Then, to carry out this research, the study surveyed firms in the State of Bahia's construction industry in 2017. The choice of the state of Bahia was due to the ease access to companies and the 2015 Brazilian Chamber of Construction Industry (CBIC) Report, which showed that Bahia held 1/4 of companies in the Northeastern region, with 8,833 registered firms (See Table 1).

In the civil construction industry, the importance of CSR is growing fast and has influenced how firms are dealing with new demands of society, including environmental and social aspects and the economic development of communities, cities, and countries. In physically built environments, the construction of roads, bridges, sewer systems, tunnels and other infrastructure projects have significant impacts in the environment and the surrounding communities.

Table 1 Civil Construction Firms in the Northeastern Region of Brazil by State in 2015

<u>STATES</u>	<u>NR. OF FIRMS</u>	<u>%</u>
BAHIA	8.833	22,40
CEAR	7.291	18,49
PERNAMBUCO	5.470	13,87
RIO GRANDE DO NORTE	5.005	12,69
PARA BA	4.450	11,28
MARANH O	2.525	6,40
PIAU	2.390	6,06
ALAGOAS	1.884	4,77
SERGIPE	1.583	4,01
TOTAL.	39.431	100,0

Source: CBIC Report (2016)¹

Then, the approach of CSR focused in the civil construction industry is justified by the clear impact this industry has caused in the environment, local communities and surrounding area of the construction sites as well as the relevant importance of this sector for the Brazilian economy, particularly, concerning new job generation. According to the 2017 report of Brazilian Institute of Geography and Statistics, this sector represented 6.2% of Brazilian GDP in 2016, employing around 3.5 million people in Brazil.

1 CORPORATE SOCIAL RESPONSIBILITY, A CONTEMPORARY THEME IN ORGANIZATIONS

According to Bowen (Bowen, 1953), the field of study of CSR is very wide and has impact in all economic activities, thus with important repercussion in businesses, local communities, environment, and society. Even though it has been studied since the end of the Second World War, it was only in the beginning of the 21st Century that CSR appears as a new paradigm in the elaboration and designing of organizational strategies. This is due to the role of society in charging organizations with more responsible attitudes about the environment and society itself. According to O'Connor (O'Connor, 1999), these attitudes are related to the maintenance of the quality of the environment, the well-being of society and its long-term sustainability.

In this context, markets are becoming increasingly more competitive, with lower profit margins, combined with ever-increasing demands on quality and ethical posture. These factors are putting intense pressure on the way organizations are being managed and, particularly, on environmental management and social responsibility. Therefore,

CSR is a global phenomenon and not only a specific wave in developing countries. Traditional and mature markets have also been affected by this movement and pushing organizations to change dramatically.

New strategies focused on CSR have led companies to a distinctive look, searching for new attitudes towards the different stakeholders involved. According to Aaker (Aaker, 2007), CSR is not only a matter of organizational strategy, but is causally linked to the company's reputation and values, directly affecting the organization's image and brand vis-à-vis its target customers. Corporate social responsibility is an important part in the field of management study, influencing organization's goals, values, general strategies, and the concept of firms itself.

Recent studies (Capra, 1998; Reiser, 2010) in management field have emphasized significant changes in the business environment, relating them to the political, economic, and technological fluctuations that are occurring in the global arena. These changes concern business' nature and demand an original approach, fundamentally innovative, to understand and to deal with new realities, which directly involves social and environmental issues, creating a new benchmark for business management.

The 1987 Brundtland Report (a commission created by the United Nations to deal with environment and development) defined sustainability as a way of meeting the needs of the present without compromising future generation's needs (Wayne, 2012). Corporate interests must manage business as well as the interests of their

¹Câmara Brasileira da Indústria da Construção. Retrieved at: <<http://www.cbic.org.br>>. Access: 10/09/2016

stakeholders and the environment. This argument reflects the social and political role played by companies and their business purposes, because they go beyond profit maximization and compliance. According to Drucker (Drucker, 1993), any disregard for sustainability and CSR by organizations is not consonant with economic freedom and the liberalization of the economy.

This new organizational paradigm brings the need for a socially responsible company that works in conditions that cause the least possible impact to the environment, through the production of ecologically cleaner products preserving environment, ensuring healthy ecosystems, social equality, and good organizational governance. For Hart e Milstein (Hart e Milstein, 2004), companies should be concerned with the balance between economy, society, and the environment, in an increasingly interdependent world.

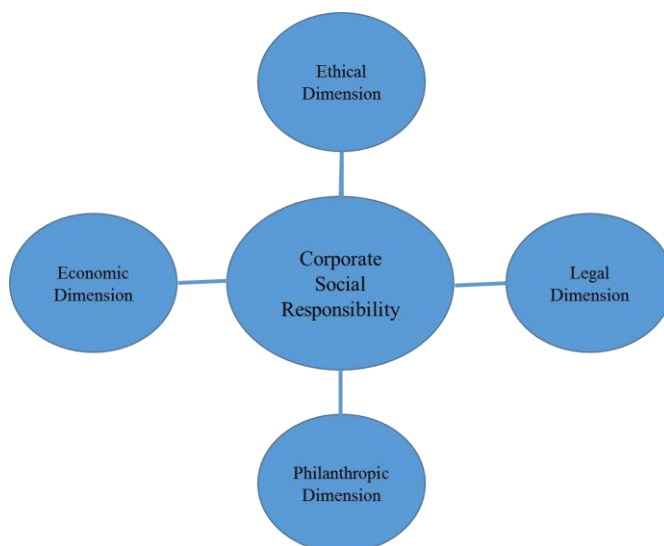
In this new arena, issues such as social and environmental responsibilities are part of the agenda of large organizations, in recognition that their obligations go beyond profitability and compliance. It is increasingly strong the trend of a more responsible corporate social behavior in which companies seek the balance between the economically practical, the socially just and the environmentally sustainable. This paradigm is translated into the model proposed by Carroll (Carroll, 1979;1991), when he considered that CSR should cover four (4) dimensions: economic, legal, ethical and philanthropic (See Figure 1).

Carroll (Carroll, 1979; 1991) suggests a model that attributes to business a series of responsibilities with society, far beyond the simple economic issue of generating profit for shareholders and obeying laws. According to this author, the company's role goes beyond economic and legal purposes vis-à-vis society. The traditional view is related to the economic performance, which involves a set of tools and methods that make it possible to diagnose the firm's financial situation to verify the stability and profitability of the business or project. According to Schuler and Cording (Schuler and Cording, 2006), these methods of measuring financial performance may be by profit, market value and growth, and in all cases, the results should be related to the contribution of companies to the development of society and the preservation of the environment.

Although the economic dimension, that involves the obligation of companies to be productive and profitable, is considered the most important of the activities; nowadays, Ursini & Bruno (Ursini & Bruno 2005), Campbell (Campbell 2007), Peloza (Peloza, 2009) and Peloza, &Shang (Peloza, &Shang, 2011) consider other dimensions also important and investigate the direct relationship between economic performance and CSR. This approach refers to the concept of the Triple Bottom Line for sustainability (Elkington, 1997), that suggests that companies must be measured by its responsibility with people, the planet and with profit as well. What determines the success of an enterprise is not the result of its profits alone, but also how companies act in relation to environmental and social issues.

From this point on, organizations should consider, in the elaboration of their institutional business planning, not only economic goals, but other issues, such as protection and conservation of the environment and the inclusion of communities. Both are part of the basic concept of CSR and sustainability.

Figure1 Dimensions of the CSR Model (Carroll, 1979; 1991)



The ability of companies to attend not only their interests, as well as the interests of society, must be in association with the organizational strategies. These strategies must be able to keep the level of competitiveness, create value, supply financial results and a return to investors and to society. It is necessary to measure the financial and economic results to keep track of the evolution of production, costs, and profit, but also one must quantify sustainability measures to verify the firm's contribution to the society and the environment.

In Brazil, this relationship between economic performance and CSR is in maturation. Studies and researches developed by Moretti & Campanário (Moretti & Campanário, 2009) are showing that companies are getting satisfactory economic and financial results when applying the concepts of CSR and sustainability. Notably, those that started to integrate the New Market in the stock exchange are committed to the adoption of corporate governance standards, with CSR as one of its pillars (Procianoy&Verdi, 2009).

2 METHODOLOGICAL APPROACH

This research has the aim to understand how firms in the construction industry in the State of Bahia perceive the importance of CSR as an organizational strategy. The study selected six (6) companies preferentially based on the ease access to those with headquarters in the city of Salvador and availability of personal contact within their management staff.

Regarding the research approach, the present study is eminently qualitative, due to its subjective and less numerical nature in understanding the role of corporate social responsibility (CSR) in Bahia construction industry sector. As a research strategy, it used multiple case studies, because, according to Yin (Yin, 2005), the results are more exact and credible, and the researcher has greater security for the defense and presentation of the data.

As data collection strategy, this research used interviews with convenience access to key informants. For the choice of those key informants, the criterion adopted was according to the relevance of the position held within the companies and their ability to meet the goals of the research. The study conducted interviews between March and May 2017. For collecting data, a structured and semi-structured questionnaire was used, which allowed greater flexibility and freedom to address relevant issues that may appear during the interview. Other sources, such as websites of companies surveyed, were used to obtain relevant information that allowed the understanding about the companies, such as its history, mission, vision, organizational structure, and values.

The script construction of the questionnaire was based on the Ethos Institute method². The Ethos Institute is a civil society organization of public interest, created in 1998, which ended up becoming a reference for the dissemination of the culture of sustainability and CSR in Brazil. The Ethos Institute developed a method with 47 thematic indicators, organized in four dimensions: social, governance and management, vision and strategy, and Environment. From the 47 indicators, this research named 23 that apply to the interests and aims of this study.

3 FINDINGS

Findings showed that four of the surveyed companies (67%) totally agree that CSR is a relevant issue for their organizations (See Table 1); however, only two companies (33%) clearly showed that CSR is part of its business strategy. Those companies have even formally structured a specific department in the organization to deal with this issue inside the organization.

Other companies' issues, related to CSR, were translated informally into organizational actions, such as:

- (i) Contacts with local community leaders, from surrounding construction sites, to carry out educational campaigns;

² Instituto Ethos de Empresas e Responsabilidade Social. Retrieved at:<<http://www.ethos.org.br/>>.Access: 14/05/2016.

(ii)

(iii) Agreements with organizations, such as Social Service of Industry (SESI), which used to carry out educational campaigns on occupational safety, health, and environment;

(iv) Company's construction projects, which, somehow, affected surveys of local community's needs. Some examples of such needs are paving streets and improvement of properties' general appearance by region around the construction site.

Table 2 Is CSR considered a Relevant Issue in your Organization?

Companies	Totally Agree	Agree	Indifferent	Disagree	Totally Disagree
01			X		
02					X
03	X				
04	X				
05	X				
06		X			

Source: Primary data

Moreover, even though companies state that they care about CSR mostly through non- institutionalized strategies; in fact, they have been working in a way that promotes social responsibility. Table 2 confirms this find, as it presents evidence that:

(i) although the questionnaire addressed twenty-three (23) items, based on the method of the Ethos Institute, twenty-two (22) were contemplated in the six (6) companies surveyed and;

(ii) fifteen (15), of the 23 items listed in the questionnaire, equivalent to 65%, are present in at least three (3) of the companies surveyed.

Table 3 List of CSR Indicators Applied to Firms Surveyed Source: Primary Data

ITEMS	FIRM 01	FIRM 02	FIRM 03	FIRM 04	FIRM 05	FIRM 06
01 Publicly exposes its ethical commitments through Institutional documents in the internet or other means to its stakeholders.				X		
02 The company is open to criticism from groups or Stakeholders about the nature of its products, processes, or services.	X			X		
03 Third parties audited piece of information on the economic and financial situation of the company's activities.				X	X	X
04 Supplies information that affects employees and unions in a prompt approach, facilitating them to position themselves.	X		X	X	X	X
05 The company has incentive and recognition program Concerning the employees' suggestions for improving internal processes.	X		X	X		

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06	Has specific program for hiring apprentices	X	X	X	X	X
07	The company's code of conduct and / or statement of values included the policy on promoting diversity and non-discrimination.				X	X
08	The policy on promoting equity and non-racial discrimination is formal and contained in the company's code of conduct and / or statement of values		X		X	X
09	The policy on promoting gender equity is formal and contained in the company's code of conduct and / or statement of values.		X		X	X
10	The company's job and salary plan are transparent and addressed in its code of conduct and / or its statement of values.	X			X	X
11	Supplies prevention and a treatment program for drug and alcohol addiction and HIV / AIDS	X				
12	Periodically analyzes the socioeconomic profile of employees to define strategies, benefits, education, and professional development programs			X		
13	Offers supplementary pension plan to all employees.				X	
14	The environmental policy is formal, known to all employees and is included in company's code of conduct and / or statement of values.			X	X	X
15	Has environmental emergency plan, which lists all products, processes or services that involve risks. In addition, it supplies a training program to employees regularly facing danger situations.			X		
16	Promotes, in its strategic decisions, programs to reduce solid waste generation, as well as control and monitoring of production chain of inputs origin.			X	X	X
17	Customer and consumer policy and standards are set out in the company's code of conduct and / or statement of values.				X	X
18	Maintains a special program, focusing on consumer / customer health and products and services safety.	X	X		X	X
19	Recognizes the community, in which it is present, as an important stakeholder in its decision-making processes.	X	X	X	X	X
20	Carries out surveys of local needs before designing projects in the community.	X		X	X	
21	Carries out, in the community, together with local organizations, educational campaigns of public interest	X	X		X	

2	Take social actions and other stakeholders in account for the overall strategic planning process					X	
2	Adopts or develops partnerships with public agencies, aiming at social goals, health, eradication of child labor, promotion of food security etc.	X	X	X	X		X

CONCLUSION

One of the main outcomes of this study is to verify that, in general, companies surveyed are concerned with CSR; however, this concern, in some of them, does not seem to be translated institutionally nor are formally adopted as business strategy. The belief of relevance of CSR issue, as part of business strategy agrees with Ashley et al. (Ashley et al., 2002), Soares (Soares, 2004), and Bertonecello & Chang (Bertonecello & Chang, 2007), who emphasize the importance of this theme to organizations.

According to the findings, the CSR has been a critical issue, discussed among construction companies in the state of Bahia. Several strategies have been developed, especially those related to the welfare of communities surrounding construction sites and the use of innovative technologies that help reducing environmental impact, in particular management of construction waste (debris), which brings direct gains to the environment, the workers and society. Those strategies guarantee healthier ecosystems with less impact on environment and society.

Thus, to answer the research question, which deals with the importance of CSR within the context of the construction companies in the state of Bahia, this study showed that CSR, for most of the companies surveyed, is relevant, although, in some of them, are treated informally. In fact, most companies prove that, in some way, this theme is relevant, but not often translated into formal business strategies yet.

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