Social Responsibility Practices adopted by different sizes of retail and Brazilian services companies

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Foreword

The current socio economical context is redirecting the retail and services sectors in order to deal with continual innovation and changes of directions. This fact is due to the dynamic nature of the technological advances and the major changes in the products offerings, besides the emergence of a consumer holding lots of information demanding from the retail a new way of dealing with the market.

The retail, as a distribution channel, is closely related to the final consumer of the product produced by a company, having an important role in the implementation of actions, projects and social programs. And precisely by working with this consumer, knows very well his local community, and it is in condition to develop initiatives that considers his economic, environmental and social factors.

The development of social responsibility in retail contributes that the social responsible practices in the production chain are established from manufacturing the product, through the ethical commitments of suppliers and distributors, the way retailers sells the products, and by the conscious decision of the consumer to purchase a product preferring a company over another in the market.
This study helps to spread the social responsibility practices adopted by companies from the retail and services sectors, of different sizes (i.e. micro, small, medium, big companies), shopping malls and retail entities of the city of Piracicaba.

This achievement was made possible through a partnership between the Professional Masters Course in Business Administration, Faculty of Business and Management at the Methodist University of Piracicaba – UNIMEP, and ACIPI - Commercial and Industrial Association of Piracicaba, an organization that since its founding more than 75 years, is guided by the interests of the enterprises of trade, industry and services.

Keywords: Social entrepreneurship; Services Social Responsibility, Sustainability

Introduction to Retail

The socio-economic context in the 2010s has shown profound changes, with continual innovations and changes of direction, creating a business environment concerned in reviewing its horizons. With the phenomenon of globalization and technological advancement, the industries could offer a wider range of products to the consumer and this one holds a higher amount of information, began to demand a varied mix of products, seeking to meet his particular needs.

The companies are engaged in continuous innovation and changes in orientation due to the dynamic nature of most markets, the complexity and the intensity of competitive business environment. In this context, retailers must understand the changes to refocus the management thought, adapting to the new international competition, to the technological changes, to the decline of the life cycles of products and to the increasing consumer power.

Technological progress occurs at an overwhelming speed. Products and services, which until recently we could not imagine being possible, become reality and are in full boil in the market available to consumers. A comparison with the final decades of the twentieth century, will allow the retail professionals rethink the way they run their business in this new century.

The time of simple competition in the Brazilian retail based on price is over. Retailers must adapt to a model based on value creation and benefits for their customers, minimizing costs and transforming their products in "extended products" by offering differentiated services that meet customers’ expectations.
This paper presents the definition of retail, retail development, new formats, dynamic of the retail and retail life cycle.

It is not the author's intention to review the economic history, but only to highlight important points that gave birth to modern retail, and serve as background for understanding the current reality.

The elements presented allow a better understanding of a sector that today is globalized, even where the big consumer-product contact is made within the point of sale, the physical store. The online retail is emerging in terms of organizational innovations, which confirms that economic activity is more democratic than the productive system.

The contribution of this paper is to provide information that leads retailers to increase intellectual knowledge in their organizations, understanding the current market dynamics, thus contributing to the survival and growth of the retail companies in Brazil.

**Social Marketing and Social Responsibility in the Retail**

Social Marketing will be the differential for retail organizations, yet it can bring a promising future. Attending to the challenge of social inclusion and improving income distribution will ensure consumers predisposed to consume.

According to Feldmann (2002), "half of the 50 million Brazilian families do not regularly participate in consumption". More and more people in society are eager for a social change: changes in their lifestyle, economy and in their social systems, in their lifestyle and their beliefs and values. *Social Marketing* should not to be confused with *Marketing for Social Causes*. In the first one, the main impact will be the transformation of society, in which a company or institution operates, in the other one, marketing for social causes, financial returns or image will be more apparent, directly focused on the company or institution.

The Social Marketing proposes the evolution of pure philanthropy, and simple initiatives for effective participation in society, it is not a donation policy, but of market performance.

The company that is concerned with social issues will certainly contribute to the corporate image. A social project leverages not only your products, but also your company brand contributing to define your company as a serious organization, a corporate citizen, a company with content and integrity. As stated by Stephen Kanitz (2001), "in the stock market,
the securities of companies that invest in social projects or have already linked to the environment are seen as more attractive”.

The consumption of socially responsible products and those produced by low-income communities, through projects focus on professional and self sustainability support of its residents, has gained a large number of sympathizers.

We agree with Grayson and Hodgers (2003) as they post, that companies should make a revolution in the company's relationship with the community, customers, suppliers and employees.

If the company's function is to generate wealth, it seems fair that it would be better distributed among all those who help produce it. The concern with health, human rights, cultural diversity, ecology and environment should not be restricted to the agenda of social movements; it must be present on the agenda of the corporate world. The company that does not get involved today maybe will be the one not to survive tomorrow.

Corporate Social Responsibility is a concept whereby, companies decide a voluntary basis to contribute to a fairer society and a clean environment.

Based on these principles the retailer cannot only be guided towards the fulfillment of interests of the owners, but also by other stakeholders such as employees, customers, and suppliers.

Social Responsibility (SR) refers to perform duties and obligations of individuals and companies with the society in general. For Craner et al (2008) the issue is discussed for a long time, but without a common definition. There are several versions available to conceptualize Social Responsibility.

We will approach the concept from the perspective of:

Corporate Social Responsibility (CSR), defined as a set of actions that benefit society and the corporations that are taken by companies, considering the economy, education, environment, health, transportation, housing, local activities and government; these actions optimize the creation of social programs.

Business Social Responsibility (BSR) is characterized by the transparent and ethical way the organization deals with its stakeholders in order to minimize its negative impacts on the environment and community.

In Brazil, SR practices in retail have been developing themselves every year. The Methodist University of Piracicaba - UNIMEP (Universidade Metodista de Piracicaba) - with its Master of Administration, created in conjunction with the “Commercial and Industrial
Association of Piracicaba” (ACIPI – Associação Comercial e Industrial de Piracicaba) the “Retail and Services Social Responsibility and Sustainability Award” that annually evaluate the practices of retail and services companies in SR and reward the top five.

Increasingly we can see private companies seeking to act as agents of development. Besides selling their goods and services, they are concerned to show responsibility for the social and environmental contexts in which they conduct their activities.

Social Responsibility and Sustainability: Convergences and Management

The economic logic that prevailed in the twentieth century was characterized by certain principles, such as the intense use of technology, which can result in unemployment by cutting work positions; the emphasis in the international market replacing national market; the reorganization in companies with the purpose of increasing productivity rather than production.

This perspective of entrepreneurial action in the social context has produced a series of threats in the future and socio-economic problems that require urgent action. The main sources of degradation are the environmental and social dimensions.

The search for a solution has been sought in technical plan and technological alternatives that contribute to the reversal of degradation and also the managerial position, especially with regard to the construction of a new organizational image. This could be in a rationality driven by more balanced values in its relation to society in the long term, offering opportunities to practice social responsibility.

An organization must manage its social impacts and social responsibilities. No institution exists by itself, because each has its role in society, and only exists in function of this. A company has value not because it is good business but for being good for society. Organizations need to join the main concerns of the community with the qualitative aspects of life, i.e. economic goods and services, concern about quality of life; physical, human and social environments of modern man and modern community (Drucker, 1981).

By contextualizing modern organizations, the author stresses that this debate tends to be amplified, since the repetitive tasks give way to more intellectual activities in which knowledge and information seem to constitute key elements for the development of the organization, as well as the possibility of control decreases and responsibility for individual action is extended. From this perspective, the author articulates the concept of power and
responsibility to the extent that the authority and delegation of powers are present in organizations.

Melo Neto and Froes (1999) agree with Drucker's finding that the organizations are responsible for the impacts on society. All organizational action, to some extent, impacts on the social environment, as natural resources, and financial and technological capitals, the ability to work and the organization of the state are kept at her expense. Therefore, we suggest that the organization has an obligation at least to account for the efficiency with which it uses all these resources.

However, when characterizing the materialization of this responsibility, it is outlined a path different from Drucker’s, since they consider that the efficient use of resources, economic performance and handling of social impacts are not able to reconstitute the social whole, i.e., not always respond to the fulfillment of the systemic effects on the impacts they can produce. Therefore, the authors defend the idea that the organization is responsible for contributing to the maintenance of a healthy society with a mechanism characterized as "compensation for loss of the society". For the authors, companies acquire the resources from the society and should return them to society not only through the products and services, but mainly through social actions that could contribute to the possible solution of problems.

With this conception, they mention the following vectors for the social responsibility of a company: support for the development of communities where it operates and conservation of the environment; investment in the wellbeing of employees and their dependents, a healthy pleasant working environment, transparent communications; returns to shareholders; synergy with partners; customers and / or consumers satisfaction (Melo Neto; Froes, 1999).

The practice of social actions can be developed in two different ways: social projects are projects aimed at finding solutions to social problems that afflict many populations or numerous social groups in high-risk situations, and community actions correspond to the company's participation social programs and campaigns undertaken by government, charity entities and communities, or both (Melo Neto; Froes, 2001).

Certainly, the aforementioned conditions are not able to represent more fully all initiatives of documents and proposals that directly or indirectly interfered in the current stage of social responsibility.
Social Responsibility and Sustainability

The SCR is a movement driven by the practices of companies that embrace social, environmental and economic responsibilities. In DS the responsibility belongs to the whole society and the changes must also occur at the individual level.

In RSC, the targets are set by managers. In the sustainability movement, the goals are universal and designed by organizations like the United Nations (UN) during conferences, international conventions and protocols.

These discussions about the global scope of sustainability are translated into standards, agreements and recommendations, and drive the conceptual basis for the formulation of ESR guidelines; helping to situate it as a theme emerging for companies and provide the minimum acceptable in transactions (Louette, 2007).

Thus, CSR emerges from the universal movement to promote sustainability on the planet. Unlike what happens with the definition of CRS, the analysis of several authors who address the issue of sustainability does not vary in concept. The most widespread approach to sustainable development, independent of the target audience, defines the subject as the present use of the resources of the planet, with a guarantee of their usufruct by future generations (Young, 2008; Rosa, 2008, Grayson, Hodges, 2003; Stoicov, 2007; McIntosh, 2001).

For companies, this concept means to ensure business success in the long term and at the same time contributing to the economic and social development in a healthy environment and a stable society (Mani; Thorpe, Zollinger, 2003). From this perspective, the business strategy should take into account the three dimensions to develop business models that are able to fulfill the concept of sustainable development (O Desafio..., 2008).

A study of various companies through the analysis of trading balances concluded that the concept of triple bottom line (economic, social and environmental) applied to eco-efficiency tool, can recover the investment company for sustainability in less than a year. Shorter time than the usual average of two or three years (Lopes, 2008). It was also discovered that by incorporating sustainability into business strategy, that large firms can achieve a higher profit up 38% and a small company up to 66% on short and medium term (Lopes, 2008).

The problem is that very few companies in the world can understand and apply the concepts in their daily lives, treating them as real business opportunities, leading to the reduction of costs, risks and increasing revenues (Lopes, 2008).
The issue of sustainability is presented, so different from the SCR: in theory there is a certain consensus among authors, however, the practice is almost nonexistent and it consists of a risk for companies.

For businesses, the importance of sustainable development in the long term is related to positive economic and environmental gains in a market whose expectations are high in price of raw materials and increasingly higher environmental fines.

Most of gains refer to savings from the use of the sustainability concept into business strategy. The benefits range from the attraction and retention of talented professionals; reductions of production cost, expenses, risk, and greater access to funding; and yet increase in productivity, revenue and market value (Lopes, 2008). Lopes (2008) states that our obligation is to learn to deal with this new tool and tread the only possible path for the future, which is building a sustainable development model.

Almeida (2007) also addresses the difficulty of companies to implement these concepts. There is a lack of qualified professionals capable of solving crises and manage conflict of interests. He criticizes, though, the current speech about sustainability: the idea of sustainable business is nonsense.

Companies need to interpret and apply these concepts. The tools and models proposed by SCR show the path. Companies simply have to define what and how they will work. To Leff (2001), "environmental crisis" raises questions about the rationality and paradigms that guide economic growth, ignoring the consequences brought in environmental issues. He (Leff, 2001) stresses that starting from the questions and criticism regarding the "Cartesian reason" arise “eco-development strategies” that are ruled by variables based on careful management of resources and analysis of the conditions and potentials of the ecosystems (Sachs, 1982).

According to Georgescu-Roegen (1971) as abstracted of Leff (2001), the economy was ruled by the degradation of energy, i.e., the entire production and consumption process takes as its basis the degradation of energy. Therefore, the whole economic system realized itself immersed in a physical-biological system (Passet, 1979) more comprehensive that supports sustainability. From this perspective there are new paradigms which lead to an ecological economy focus on the integration of the economic process with the environmental and population dynamics.

Thus, the environment becomes part of the conception from what human development comes from, which integrates and returns the "values and potential of nature, social
externalities, subjugated knowledge, and the complexity of the world denied by mechanistic, simplifying, one-dimensional and fragmentary rationality that lead the modernization process" (Leff, 2001).

Leff (2001) alerts to the ambivalence of speech of sustainability that comes from "multiple meanings from term sustainability, which incorporates two meanings: one, translated into Castilian as “Sustentable”, which implies the internalization of ecological conditions to support the economic process, and another that adds the durability from economic process itself”. Therefore to Leff (2001), ecological sustainability is a precondition for the sustainability of the economic process.

**Sustainability in Retail and Services**

The problem is that very few companies in the world can understand and apply the concepts in their daily lives, treating them as real business opportunities that may open the way to reducing costs, risks and increase revenues (Herzog, 2004).

For Gelman and Parente (2008), retailers have been operating at about one million stores with annual sales exceeding 200 billion dollars. Given these numbers, we can see that the Brazilian retailers are an enormous part of the country's economy.

A large part of the retail is discovering its social role and has been engaging in projects that aim to build a society more just and balanced. The direct contact with the consumer and the local community put the retailer as a potential articulator for social actions. Since most of its clients reside in regions next to the store, when the retailer participates in projects that help improve the quality of life of the inhabitants of its area of influence, he will benefit the public that honors its trade (Gelman; Parente, 2008). Realizing the socially responsible performance of the retailer, consumers naturally offer their retribution, not just developing a sense of goodwill and sympathy towards it, but, often, feeling encouraged to participate as volunteers in the projects.

There is a tendency that companies that do not fit the concepts and visions in these fields are bound to leave the market in the medium and long term. Therefore, there is no talk about sustainability without including CSR (Corporate Social Responsibility) and without the business, state and nonprofit organizations as partners in pursuit for a better reality, either for the people that are included in the social processes, or to those aside the processes. The shares of the retail and services sectors, through class entities or not, can contribute substantially for
the dissemination of sustainability actions and consciousness of the entire population to the role for each one in search of a more active and fair society.

From this perspective, it was created the Retail and Services Social Responsibility and Sustainability Award, an initiative of the Professional Master Course in Administration of the Faculty of Business and Management in partnership with the ACIPI (Commercial and Industrial Association of Piracicaba), developed by Retail and Services Marketing research groups and Social Responsibility group.

**Mission of the Award**

The objective of the Retail Social Responsibility and Sustainability Award is to provide continuity to the development, mobilization, training and recognition of social responsibility and sustainability initiatives and actions of retail and services organizations in Piracicaba.

**The role of ACIPI**

The role of *ACIPI – Associação Comercial e Industrial de Piracicaba* is to collaborate in the training, mobilization and recognition process of the retail and services businesses in Piracicaba, besides facilitating the access of members to sustainability and social responsibility actions in the area stimulating other actions and other businesses to think about the possibility of taking responsively action with respect to stakeholders.

**How to participate in the Award**

Retail and Services companies and organizations that are developing or have developed Social Responsibility and Sustainability initiatives can participate in the Award – companies of any size or nature, and exclusively from Piracicaba and surrounding region.

Companies sponsoring the event can participate, but such sponsorship does not imply any kind of benefit at the time of judging the project. It is understood by retail and service companies those engaged in commercial activities oriented primarily to the end consumer.

**Registration on line**
The company or organization accesses the site of the award http://www.premiovarejoresponsavel.com.br/ and clicks the link “registration” (inscrição), completes all fields correctly with the company and responsible information, when this first step is complete; a “login” and a “password” (senha) are created and sent directly to the email account registered. After that, it is necessary to revisit the site and enter the “login” and “password” previously provided to validate the registration, and list the social responsibility and sustainability initiatives in the corresponding form.

**Evaluation Criteria:**

The evaluation group consists of representatives of several private and public companies that pre evaluate the projects that together rank the winners. The following requirements are considered:

a) Scope: number of persons were benefited by the project;

b) Benefit generated for the target audience and for the company or entity;

d) Innovation and creativity;

e) Regularity of the initiative;

f) Replication of practice

g) Ability to mobilize employees, suppliers, consumers, associates, tenants, communities and NGOs;

h) Integration of the initiative with the company's;

i) Management Quality of the initiative;

j) Scores are assigned from 0 to 10 for each item

**Business Categories**

Firms when signing up will be guided in the categories: Micro, Small, Medium, Large Companies. Each organization can participate in the Award registering only two projects.

**Dissemination of the Award**

The Award is presented at an event held by the ACIPI in combination with the Professional Master in Business Administration - UNIMEP.

The list of the prequalified projects is forwarded to the Technical Award Committee to attribute scores. There is a meeting with the Committee to organize the list of winners, which
is published in the Award website.

The Organizing Committee is responsible to contact all the finalists and winners.

Final Considerations

The Brazilian retail sector, which accounts for 10% of GDP - Gross Domestic Product, and is responsible for three million direct jobs, has demonstrated to be a sector that has suffered too much interference in global context.

In the 2010s, the Brazilian retail market has evolved significantly, as a result of factors; such as the entry of international groups, increased competitiveness, economic stability and the incorporation of global best practices.

The reality of retail in Brazil is that we have a well prepared sector, but that needs to pursue continuous improvement of its performance, with great importance in the value chain of the industry.

Based on information in this book, it is possible to, after consideration of the Brazilian retail, evaluate and identify the main challenges to be faced. It is also possible to propose to the managers, to reinterpret the changes in the retail sector. The authors' main concern was to try to understand the reality and instigate a reflection about the near future, helping to reinvent the retail sector in Brazil guided by Social Responsibility and Sustainability.

From this perspective, Social Responsibility is now a prominent and important theme in context of the organizations. A retail organization should manage its social impacts and social responsibilities, there is no institution for itself, because each one has its role in the society, and only exists because of the society. A company has value not for being good at business, but for being good for society.

Through this move, the companies engage in discussions such as a conscious consumer, fair trade, and reverse logistics among others, which may represent a threat to businesses.

Companies need to interpret and apply these concepts. The tools and models offered by Social Responsibility represent the path. The companies have just to define what to do and how.

The proximity with the consumer and the retailer's local community makes the retailer a potential articulator of social actions, since many of their customers are located in the trade
and service companies surrounding areas. Thus, to participate in projects that help to improve the quality of life of residents of its area of influence, benefits the retailers.

The concept of sustainability and social responsibility has been spreading increasingly among corporate as well as an increasing engagement of companies in environmental and social issues as well.

The actions of the retail and service sectors, through professional associations or not, can contribute substantially to the dissemination of sustainability activities and the awareness of the stakeholders in order to help one another to understand and to assume their role in search for a more active and fair company.

From this perspective, *Retail and Services Social Responsibility and Sustainability Award* was created, the result of the partnership between the Professional Master in Business Administration, Faculty for Business and Management - UNIMEP and ACIPI - Associação Comercial e Industrial de Piracicaba, allowing the society to highlight companies that already use Social Responsibility and Sustainability practices.

Currently, companies need to conciliate the economical and social benefits, and yet ensure its survival, i.e., its sustainability. The retail is closely linked to the customer, and it is the sector that can most spread these activities, because its work is focused on consumer awareness.

To the retail it is important to evaluate its business performance, and the accordance between the Corporate Social Responsibility management, the discourse practiced, and the mobilization of the retail sector to incorporate these criteria as competitiveness’ indicators.

On the other hand, while the consumer can push the manufacturer and change its product over a non adaptation to the environment, the retail, by creating a socially responsible market, can contribute for changes in consumer buying.

The Projects of the finalists or winners, in their categories confirm the engagement of the retail in solving social and environmental problems that jeopardize the survival of future generations.

The evolution of the concepts presented in this book demonstrate an increasing importance that academic and business organizations, more specifically in this case, ACIPI, are giving to this management way. Firms are deploying and using the social responsibility practices, regardless its size, whether micro, small, medium or large. These are companies that are already incorporating these concepts and values.
The goals established by the UN pointed out that all institutions should become involved in the movement to eradicate poverty, provide basic education to all, promote gender equality, reduce child mortality, improve maternal health, combat diseases, and ensure the environmental sustainability, by focusing on the development.

We believe that soon we will see Corporate Social Responsibility and Sustainability embedded in the culture, strategy and business management. It was with this objective that the Award was created and now in a book form, delivers knowledge to the whole society, through the lived experiences of the companies chosen in the first two years of its implementation, i.e., 2008 and 2009.

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Webgraphy

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