Corporate Social Responsibility and the Third Sector: The Portuguese case

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This paper is part of a wider research project that seeks to study the nature and effectiveness of inter-organizational relationships between companies and third sector organizations. Hence, the goal is to discuss the Organizational Behavior, Marketing and Third Sector literature, with an emphasis on issues of Corporate Social Responsibility (CSR) and Inter-organizational relationship, while presenting some preliminary results of a research in development about the relationship of companies with third sector organizations in Portugal. It aims at understanding the inter-organizational relationship between companies and third sector organizations in the context of social responsibility behavior.

Third sector organizations are facing increasing challenges in terms of funding needs with a constant search for social innovation. Often, these organizations are highly dependent on funding provided by government through cooperation agreements, grants, or service provision, for instance. In the Portuguese context these organizations are recognized by the state as being extremely important in the social service provision and often act as its complement or even substitute. However, high dependence on government brings some financial and managerial problems to third sector organizations and the need for more diversification of funding sources has often been suggested in the literature (Froelich, 1999; Carroll and Stater, 2009).

Despite not being a solution for third sector organizations funding in itself, additional funds provided by companies might constitute an important part of the problem solution. Many companies adopt strategies of interest and objective adjustment to other stakeholders such as third sector organizations, to whom companies can have an important role in both financial and managerial support. Indeed, corporations are being increasingly questioned for the impact of their actions and pressured to answer for their contribution to society by society in general and their consumers in particular. Although CSR is not a recent topic, changes in the organizational environment and individual values have triggered off an increasing interest at the academic, institutional and corporate levels (Carroll, 1999; Wood, 1991). Among the various forms through which CSR is materialized in different companies and in different contexts, the relationships of companies with third sector organizations has captured recently the attention of researchers (Austin, 2000; Jamali and Keshishian, 2009; O’Regan and Oster, 2000). Following Austin (2000), the relationships between companies and third sector organizations can be analyzed as a collaboration continuum with three main stages – philanthropic (charity) where the relationship is donor-recipient type; transactional (sponsorship, marketing cause-related) where there are explicit resource exchanges focused on specific activities; and integrative (alliances) where the relationships are closer, important to the mission, have strategic value and the level of engagement as well as complexity of management are high. Indeed, besides random donations there is the possibility for the parts to establish long term relationships that ensure mutual benefits. The need for relationship fundraising is well established in the literature (e.g. Newman, 1998; Sargeant and Lee, 2004).

For this first stage of research, an exploratory study through qualitative documentary analysis was developed. This paper intends to comprehend the mechanisms through which corporations and third sector organizations establish and maintain in a sustainable manner their relationships. Hence, the research question is twofold. First, it intends to reveal how the relationships between companies and third sector organizations are materialized in the context of their CSR policies in Portugal. Second, how can these relationships be characterized in terms of their quality, duration, sustainability and benefits for both parties. In order to answer to these questions, the starting point was the information reported by the largest companies operating in Portugal, through their official reports, such as Corporate Responsibility Reports, Sustainability Reports, Annual Reports, or similar, depending on the available source and in some cases the official website for complementary information. Taking into account the first CSR-related reports that have emerged in the Portuguese context, the time frame for the study is the period from 2003 until 2008. From these sources, the actions reported by the organizations that fit within the framework of relationships between the companies and the third sector organizations were recorded. The approach to
the qualitative data analysis was interpretative (Miles and Huberman, 1994), since the information reported was not structured the same way in all the documents and inevitably some judgment of the researchers had to be done, capturing the essence of the data being transmitted. Error was minimized by the use of several judges.

From the analysis of these preliminary results, one can conclude that the predominant relationships are of a philanthropic and transactional nature (Austin, 2000), where the donations and sponsorships have a predominant role. Most of the relationships do not have continuity beyond the reported action, although several partnerships are establish between companies and third sector organizations. Findings might to be useful for both companies and third sector organizations, as they provide an opportunity to better understand the strategic role of CSR and its contribution to the sustainability of third sector organizations.

References


