

Corporate social responsibility and competitiveness: a study of Brazilian multinationals

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Abstract

Paper aims: This study aims to analyze the relationship between the corporate social responsibility (CSR) strategy and competitiveness, considering the moderating effect of the governance mode on CSR actions.

Originality: This study sheds some light on a tendency towards the proactivity in terms of CSR of Brazilian Multinationals. They also present collaborative governance mode more frequently to conduct CSR actions.

Research method: In order to reach the research objective, a survey research was carried out in 144 Brazilian Multinationals and SmartPLS was used to conduct partial least square-structural equation modeling analysis.

Main findings: The results indicated that there is a positive relationship between CSR and competitiveness. Regarding the CSR governance mode, the adoption of different governance modes depending on the characteristics of the CSR action developed.

Implications for theory and practice: This paper contributes to the literature, since Latin America, especially Brazil, still lacks research that analyzes their CSR practices and establishes relationships with other organizational objectives, such as competitiveness.

Keywords

Corporate Social Responsibility (CSR). Emerging country. Stakeholder. Multinational.

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1. Introduction

The performance and responsibility of companies for more sustainable development are increasingly highlighted. We can observe in Multinational Companies (MNCs) of emerging countries due to the rising influence of these companies in the global economy. Multinational Companies (MNCs) from emerging countries have expanded their activities globally and could be considered as drivers of change (Kolk, 2016; Melo et al., 2019; Pananond, 2015) and responsible for the expansion of good environmental and social practices (Tong et al., 2018).

Prior studies pointed out that internationalization encourages the MNCs of emerging countries to increase their efforts in socio-environmental actions (Ashrafi et al., 2020; Park, 2018). However, the levels of Corporate Social Responsibility (CSR) implementation in emerging countries may differ considerably from those in developed countries (Sinkovics et al., 2017; Tong et al., 2018). Indeed, research still lacks analysis of how Corporate Social Responsibility (CSR) is developed by Multinational Companies (MNCs) in emerging markets (Jamali & Karam, 2018).



Formigoni et al. (2020) mention that for Brazilian companies, Corporate Social Responsibility (CSR) is configured as an organizational challenge, due to its repercussion both inside and outside the company. Corporate Social Responsibility (CSR) is considered as a process in which participating companies integrate economic, social and environmental concerns into their major activities, requiring the need to recognize the multiple interests of the various stakeholders that shape this process, including companies and their owners (shareholders), workers, suppliers, local communities, local institutions and the state (Knorrington & Nadvi, 2016; Turker, 2009b). Some authors also reinforce that Corporate Social Responsibility (CSR) is an important factor in the competitiveness of a MNC (Ge & Zhao, 2017; Husted & Allen, 2007; Isaksson & Woodside, 2016; Marin et al., 2012).

As Corporate Social Responsibility (CSR) activities affect the core business, growth, profitability and the business survival, they also require more space on the strategic agenda of managers, as after all Corporate Social Responsibility (CSR) activities could be a potential source of competitive advantage (Kolk & Pinkse, 2008; Porter & Kramer, 2006). Previous studies have analyzed the relationship between Corporate Social Responsibility (CSR) and competitiveness (Burke & Logsdon, 1996; Husted, 2003; Husted et al., 2010; Porter & Kramer, 2006) by including Corporate Social Responsibility (CSR) in strategic issues. They also enforce a direct relationship among competitiveness and the development of capabilities through Corporate Social Responsibility (CSR) practices (Porter & Kramer, 2006; Shevchenko et al., 2016).

There is no agreement in relation to the real impacts of Corporate Social Responsibility (CSR) actions on companies' performance. While some studies reveal a positive relationship (Lee, 2008), others highlight a negative or even inconclusive outcome (Gregory et al., 2016; Wang et al., 2014). In these matters, it is essential to consider how MNCs are implementing Corporate Social Responsibility (CSR) activities. Companies can adopt different governance modes (or organizational arrangements), such as internalizing, outsourcing or collaborating to implement environmental and social practices (Husted et al., 2010). Considering that both Corporate Social Responsibility (CSR) and governance mode of these activities have a direct relation with the company's performance, the literature still lacks studies that clarifies the relationship among these themes (Cruz et al., 2015; Marin et al., 2012; Parente & Machado Filho, 2016).

The focus of this study is the relationship between the Corporate Social Responsibility (CSR) strategy, the way of governing Corporate Social Responsibility (CSR) actions and competitiveness. Except for Fernández-Gago et al. (2016) and Zhao et al. (2016), which analyzed data among the years 2005 and 2010, some studies have investigated the relationship intended here based on secondary data that express the reality of the 1990s (1993-2004) (Gregory et al., 2016; Harjoto & Jo, 2011; Jo & Harjoto, 2011; 2012). In these studies, the focus has been on corporate governance, considering issues as organization's management group and the ownership structure as unit of analysis. The relationship of Corporate Social Responsibility (CSR) only with financial return is also considered, thus disregarding intangible aspects that comprise competitiveness.

Most studies that similarly analyze the relationship focused here do so in a dual way, considering either the relationship between governance and Corporate Social Responsibility (CSR) (Husted et al., 2010; Lau et al., 2016; Fernández Sánchez et al., 2012), or relating Corporate Social Responsibility (CSR) and business results, which are called in different ways, such as: competitiveness (Marin et al., 2012), value creation (Husted & Allen, 2007), financial performance (Isaksson & Woodside, 2016) and corporate performance (Wang et al., 2014).

Otherwise, this study presents three main differences. First, the focus is not the relationship between Corporate Social Responsibility (CSR) strategy and governance mode, or Corporate Social Responsibility (CSR) strategy and competitiveness, but rather the relationship among the three themes. Second, the analysis will not be based solely on secondary data. This study collected and analyzed primary data on the strategy of Brazilian Multinational Companies. This type of study shows itself as exception given the range of articles previously cited which do not analyze the reality of Brazilian companies. Third, the items that comprise the Corporate Social Responsibility (CSR), governance mode and competitiveness constructs were analyzed conjointly, enabling the clarification of theoretical and practical relationships among the three constructs, which are usually analyzed separately.

Considering that, two research questions arise: a) How does the Corporate Social Responsibility (CSR) strategy influence the competitiveness of Brazilian multinationals? b) Which modes of governance strengthen the most, if any, the relation between Corporate Social Responsibility (CSR) and competitiveness? The aim of this paper is to analyze the relationship between the corporate social responsibility strategy and competitiveness. This relation is analyzed considering the moderating effect of the governance mode on Corporate Social Responsibility (CSR) actions. The governance mode is understood as different ways of coordinating environmental and social actions.

The answer to the research questions presented allowed us to contribute to the Corporate Social Responsibility (CSR) literature through a greater understanding of the relationship between the mode of governance (a consolidated theory) focused on corporate social responsibility and their alignment with competitiveness. This

theme has been widely explored under different aspects. However, in the literature is not consolidated the relationship of Corporate Social Responsibility (CSR) and how to achieve competitiveness (Marín et al., 2012).

The paper is organized into five sections. After this introduction, there is a review on relevant literature in order to develop hypothesis about the relationship between the corporate social responsibility strategy and competitiveness, considering the moderating effect of the governance mode of Corporate Social Responsibility (CSR) actions. The consolidation occurs in the theoretical model. The theoretical considerations are tested on a data set of Brazilian multinationals by applying a structural equation modelling (SEM) technique on Smart PLS (Ringle et al., 2014). After the results section, the conclusions and theoretical and managerial implications are presented.

2. Literature review and theoretical framework

The literature review explores the relationship of Corporate Social Responsibility (CSR) strategy with the competitiveness of Brazilian multinationals. Previous studies indicated that MNCs must become aware of their power to create and destroy (Chiara & Spena, 2011; Collier & Wanderley, 2005) and they are capable of effectively transmit their Corporate Social Responsibility (CSR) strategies to their subsidiaries (Chiara & Spena, 2011). There are also indications that MNCs are more likely to adopt Corporate Social Responsibility (CSR) actions than those that operate exclusively in their country of origin (Chapple & Moon, 2005; Selcuk & Kiyamaz, 2017).

When it comes to the emerging market multinational enterprise (EMNE), they deal with a different institutional context, which can streamline or hinder the occurrence of socio-environmentally responsible practices in the environments in which they are (Kolk & Van Tulder, 2010; Sinkovics et al., 2017).

These Emerging Market Multinational Enterprises (EMNEs) have peculiarities, from their origin that occurs in unstable political environments, to their mode of entry into global markets, characterized by alliances, mergers and acquisitions (Guillén & García-Canal, 2009; Ramamurti, 2012). In addition, these Emerging market multinational enterprises (EMNEs) have high levels of organizational adaptability, compared to traditional MNCs.

In this section, there are some discussions through the connection among Corporate Social Responsibility (CSR), competitiveness and governance mode for Corporate Social Responsibility (CSR).

2.1. The relationship between Corporate Social Responsibility (CSR) strategy and competitiveness

Prior studies highlight that competitive success is an important achievement for companies that have undertaken Corporate Social Responsibility (CSR) actions, in which success includes results that go beyond the financial sphere (Gallardo-Vázquez & Sanchez-Hernandez, 2014; Porter & Kramer, 2006; Porter & Van der Linde, 1995). In order to measure competitive success, it must go beyond financial management, considering aspects related to human resources management and marketing, capabilities of managers, quality of products or services and the levels of quality in organization and management, technological resources and information systems, sharing corporate values, organizational structure and suitable know-how (Gallardo-Vázquez & Sanchez-Hernandez, 2014). Some authors also emphasize that Corporate Social Responsibility (CSR) refers to a set of voluntary actions aimed at both social and environmental benefit and maintenance of the company's reputation and competitiveness (Jušcius & Snieška, 2015; Wesselink et al., 2015).

Considering the scenario MNCs need to align operational strategies with the Corporate Social Responsibility (CSR) strategy, organizations would minimize losses from operations by redirecting their competence portfolios towards socio-environmentally responsible capabilities and technologies (Fernández Sánchez et al., 2012).

According to the Corporate Social Responsibility (CSR) strategic vision, the engagement of a company with its main stakeholders helps to improve its competitiveness more than the actions that affect peripheral stakeholders (Dupire & M'Zali, 2018). In the present study, competitiveness will be analyzed from the perspective of competitive success, which occurs in comparing the activities of companies with their direct competitors.

Even in the face of different motivations and results alluded by theory and practice, the adoption through companies of a strategy that contemplates socio-environmental practices will only occur with a clear perception of benefits, especially financial and operational ones (Brito & Berardi, 2010). As examples of these benefits, Aguinis & Glavas (2012) list some business results arising from socio-environmentally responsible actions: risk reduction, competitive advantage, attractiveness for investors, capabilities, good management practices, operational efficiencies, product quality and perceived quality of management, among others.

Competitive results based on Corporate Social Responsibility (CSR) can be classified either as tangible or intangible, because, given the mostly qualitative character of the Corporate Social Responsibility (CSR) construct, its measurement becomes complex, which leads to the difficulty of a direct perception of its returns. Yet, as stated by Parente & Machado Filho (2016), investments in Corporate Social Responsibility (CSR) contribute to the creation of a differentiation strategy, helping companies to build their reputational capital.

Through the positive impact of Corporate Social Responsibility (CSR) on corporate reputation (Melo & Garrido Morgado, 2012; Park et al., 2014), it can be observed an effect on sales, the attraction of better commercial contracts and better qualified employees, the collection of premium prices, as well as the reduction of capital costs of operations. Thus, generating a competitive advantage (Parente & Machado Filho, 2016; Fernández Sánchez et al., 2012).

Another way of generating competitive advantage through Corporate Social Responsibility (CSR) actions is the strengthening of customer relations (Fehre et al., 2016). Through a proactive performance in Corporate Social Responsibility (CSR), per focal company, both customers and suppliers will be convinced of sustainable capacity. Such capacity is not limited to the social and environmental aspects, but to the economic, guaranteeing its existence over time (Carroll & Shabana, 2010). Herewith, the following research hypothesis is formulated:

H1: there is a significant and positive relationship between the Corporate Social Responsibility (CSR) strategy and competitiveness.

2.2. The influence of governance mode in the relationship between Corporate Social Responsibility (CSR) and competitiveness

Companies with socio-environmental orientation seek for better ways to coordinate their resources. However, in view of the Corporate Social Responsibility (CSR) levels in which the company may find itself (Schaltegger et al., 2012), as well as its socio-environmental history over time (Walls et al., 2011), different forms of governance may or may not be appropriate anymore.

In addition to the organizational and managerial identity, the selection and implementation of socio-environmental strategies are directly affected by ethics and governance (Husted & Allen, 2007; Walls et al., 2012), that is, intangible aspects that have complex characteristics. The creation of an internal committee to deal with Corporate Social Responsibility (CSR) is linked to the reality of companies that present a proactive Corporate Social Responsibility (CSR) strategy, as this creation signals their commitment to social issues in order to have greater transparency with regard to Corporate Social Responsibility (CSR) (Eberhardt-Toth, 2017).

The use of correct governance structures implies an efficient organization of activities (Williamson, 1979). It is emphasized that all forms of governing Corporate Social Responsibility (CSR) actions can improve the company's socio-environmental performance. However, the degree that each one contributes to the achievement of such performance varies (Husted & Sousa-Filho, 2016). The governance of Corporate Social Responsibility (CSR) projects deals with the difficulty of aligning the reduction of the negative impacts of business activity with the increase in benefits for stakeholders, without sacrificing the well-being of shareholders. Hence, the different forms of insertion of Corporate Social Responsibility (CSR) in the business strategy imply that companies have different ways of coordinating their actions depending on the strategy adopted.

The strategic relationship among a company's main activities and its Corporate Social Responsibility (CSR) actions is a determining factor of a type of governance (Chung et al., 2012; Husted, 2003). In the midst, possibilities of the governance are the financing of Corporate Social Responsibility (CSR) actions that will be developed by third parties, the internal performance in the development and implementation of these actions and the partnership with other stakeholders (Niesten & Lozano, 2015). The decision amidst these possibilities represents "how the company chooses to organize a particular activity in order to accomplish mutual gains for itself and its partners" (Husted, 2003).

First, it must be analyzed whether Corporate Social Responsibility (CSR) activities are strategic, or they support the company's competitive advantage. If this is the case, the choice of governance mode also becomes a strategic decision, as it aims at a greater return on investment and an increase in competitive advantage (Husted, 2003). Considering the relevance of analyzing the Corporate Social Responsibility (CSR) governance structure, managers help to guarantee corporate social activity, promoting the interest, whether from shareholders, through the increase of competitive advantage, or the community for which Corporate Social Responsibility (CSR) activities are aimed.

The benefits arising from each form of governance, with different resource configurations, can create the potential to improve the company's environmental, social and governance performance (Antonietti et al., 2016;

Husted & Sousa-Filho, 2016). The activities developed internally have a strong connection with the main business of the company, and may improve, for example, the capacity for internal innovation, with effects on sustainable and financial performance (Formigoni et al., 2020; Lee & Min, 2015).

According to Porter & Kramer (2002), strategic philanthropy can generate significant economic benefits for the company; nonetheless, when outsourcing Corporate Social Responsibility (CSR) activities in a certain area, the company will receive disproportionate benefits in its reputation. Moreover, it is observed that outsourcing does not allow the development of important capabilities, such as engagement with stakeholders (Tracey et al., 2005). Finally, it is considered that significant environmental and social benefits may result from the collaboration of two or more companies in their supply chain (Klassen & Vachon, 2003; Niesten & Lozano, 2015), a fact that justifies collaboration as one of the preferred ways of governance for the management of relations among companies in a Corporate Social Responsibility (CSR) context (Niesten et al., 2016).

From the complexity of the problems dealt in the Corporate Social Responsibility (CSR), the internal or outsourced action to solve them allows only a limited result (Husted & Sousa-Filho, 2016). For internal projects, the limitation is provided by the areas directly related to the company's business. As for the outsourced workers, there are few possibilities for creating synergies to improve performance. It is observed that collaborative approaches are more appropriate to deal with Corporate Social Responsibility (CSR) issues, which leads companies to combine in order to develop resources and joint capabilities. The collaborative governance mode is the most cited form of governance in the literature to conduct Corporate Social Responsibility (CSR) practices and this tends to prevail in companies at the advanced end of the continuum, and is characterized in terms of organizational culture as synergistic and holistic (Shah & Arjoon, 2015).

In view of the above, there is an elaboration for the following research hypothesis:

- H2a: governance through outsourcing negatively moderates the relationship between Corporate Social Responsibility (CSR) and competitiveness.
- H2b: the internal governance of Corporate Social Responsibility (CSR) projects positively moderates the relationship between Corporate Social Responsibility (CSR) and competitiveness.
- H2c: the collaborative governance mode positively moderates the relationship between Corporate Social Responsibility (CSR) and competitiveness, to a greater degree than internal governance. Figure 1 summarizes our theoretical framework and related hypothesis:

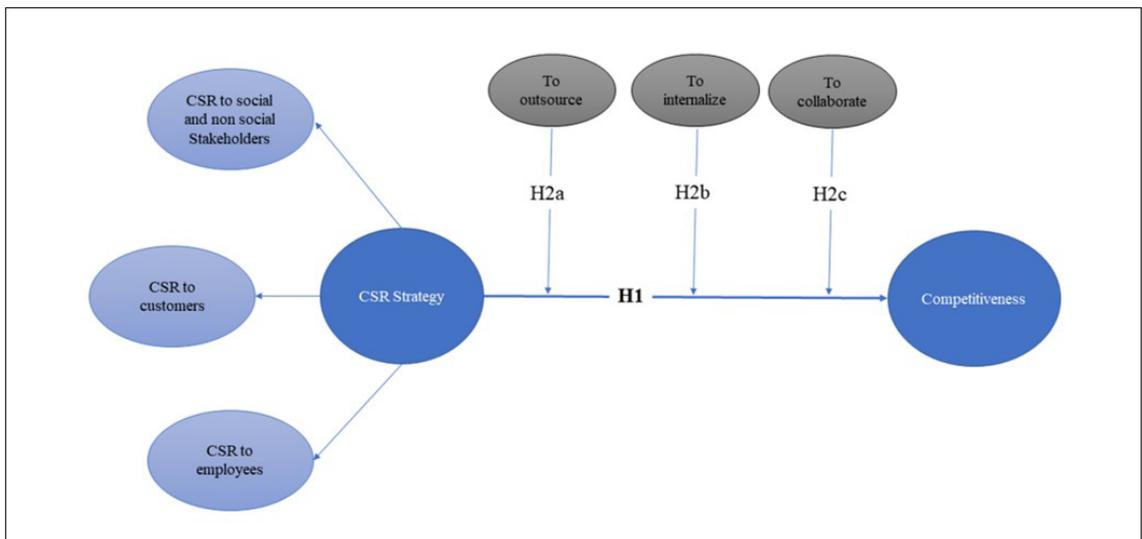


Figure 1. Theoretical model and hypothesis.

3. Methodology

A quantitative study using an online survey was used to gather data and analyze the relationship between Corporate Social Responsibility (CSR) strategy and competitiveness, in MNCs from Brazil, an emerging country.

A questionnaire was developed to gather data on these constructs: Corporate Social Responsibility, Corporate Social Responsibility (CSR) governance modes and Competitiveness. Each construct was measured using metrics from a variety of previous research studies. Corporate Social Responsibility was measured using fifteen items collected from Turker (2009a). Considering the configuration presented from Melo et al. (2020), the first two items of Turker's (2009a) scale do not reflect self-motivated Corporate Social Responsibility (CSR) actions, but rather comply with laws and regulations, these were withdrawn in the application of the questionnaire. Corporate Social Responsibility (CSR) governance modes were measured using three items adapted from Husted et al. (2010). Finally, seven items measuring competitiveness were used from Gallardo-Vázquez & Sanchez-Hernandez (2014). The measurement variables or items analyzed in this study (refer to the Annex 1) were measured using a seven-point Likert, from 1 (strongly disagree) to 7 (strongly agree).

The online questionnaire was distributed through telephone contact and with the aid of the Qualtrics software. A professional research firm was hired to obtain the sample and to conduct a survey questionnaire to optimize the data collection process. The questionnaire was sent to 210 Brazilian Multinationals. A total of 144 questionnaires were returned, which consists in 68.57% response rate.

Structural equation modelling (SEM) was used to analyze the survey data and to test the hypothesis (Weidner et al., 2019). SEM was chosen because the structure of the proposed model is composed of direct and indirect interdependencies among the dependent and independent variables (Hair Junior et al., 2014), as the collected data is not normal distribution and the theoretical model proposed is an exploratory model (Chin & Newsted, 1999; Hair Junior et al., 2014).

Data was analyzed using partial least squares (PLS) regression (Gonzalez, 2018). First, an outer model assessment was completed to measure reliability and validity constructs. This was followed by hypothesis tested in the inner model assessment. The moderating effects of Corporate Social Responsibility (CSR) governance modes were tested as a continuous moderator variable (Hair Junior et al., 2014, p.257). After data collection and analysis, a search was conducted in corporate/sustainability social responsibility reports of the samples' multinationals as a way to complement and specify the data obtained, as used by Campanelli et al. (2021). The criteria used for the selection of those reports was the availability of complete sustainability reports with data for the same year to enable comparability. A total of 70 updated and downloadable reports were obtained. Such reports were analyzed based on three aspects: which corporate social responsibility actions were developed by the organization; which of the competitiveness items were considered as relevant by Brazilian MNCs in their reports, especially in the materiality matrix and what is the governance mode of its actions.

4. Results and discussion

4.1. Model reliability and validity

This study evaluates the psychometric properties of the measurement scale in terms of reliability, convergent validity and discriminant validity, using the procedure of confirmatory factor analysis (CFA) (Hair Junior et al., 2014).

For construct reliability, the composite reliability (CR) values were reviewed and were found to be above 0.7 for all constructs. Therefore, construct reliability was established. The average variance extracted (AVE) was examined to assess the convergent validity. All constructs had AVE values greater than the threshold of 0.5, which implied convergent validity. Table 1 presents factor loadings, as well as CR and AVE values.

The thresholds typically used in SEM analysis for validity and reliability constructs were used in this study (Ringle et al., 2014). Table 1 presents factor loadings, as well as CR and AVE values. The discriminating validity of the constructs was assessed through the Fornell-Larcker criteria (Table 2 and Table 3) (Fornell & Larcker, 1981; Hair Junior et al., 2014). Hence, discriminant validity was observed.

4.2. Structural model and hypothesis testing

The first hypothesis was tested through multivariate regression as part of SEM. According to the guidelines of PLS-SEM (Hair Junior et al., 2014), the bootstrapping procedure was used to test the significance of path coefficients. The results show that the dimension that obtained the highest degree of agreement was the

Table 1. Descriptive measures - Corporate Social Responsibility (CSR) Scale, Governance Mode and Competitiveness.

ITEMS*	Mean	Std dev	Factor loadings	Cronbach's alpha	Composite reliability	AVE
Sta3	6.52	0.614	0.746	0.685	0.802	0.504
Sta4	6.49	0.614	0.739			
Sta5	6.52	0.669	0.710	0.784	0.784	0.647
Sta6	6.49	0.603	0.638			
Cli9	6.44	0.782	0.722			
Cli10	6.78	0.417	0.879			
Col13	6.31	0.608	0.623	0.830	0.876	0.503
Col14	6.12	0.824	0.761			
Col15	6.25	0.714	0.780	0.830	0.876	0.503
Comp1	6.33	0.845	0.768			
Comp2	6.36	0.825	0.686			
Comp3	6.24	0.821	0.804			
Comp4	6.72	0.538	0.712			
Comp5	6.41	0.560	0.654			
Comp6	6.43	0.622	0.652			
Comp7	6.41	0.596	0.674			

*Refers to Annex 1.

Table 2. Adjustment indices of the 1st order latent variables model.

	Corporate Social Responsibility (CSR) to social and non-social Stakeholders	Corporate Social Responsibility (CSR) to customers	Corporate Social Responsibility (CSR) to employees	Competitiveness
Corporate Social Responsibility (CSR) to social and non-social Stakeholders	0.710			
Corporate Social Responsibility (CSR) to customers	0.312	0.804		
Corporate Social Responsibility (CSR) to employees	0.389	0.292	0.725	
Competitiveness	0.428	0.229	0.247	0.709
Composite Reliability	0.802	0.784	0.767	0.876
Average Variance Extracted (AVE)	0.504	0.647	0.525	0.503

Note1: Diagonal values are \sqrt{AVE} . As they are greater than the correlations between the VL (values outside the diagonal), there is discriminant validity (Fornell & Larcker, 1981; Hair Junior et al., 2014). Note2: All correlations are significant at 5%

Table 3. Structural model adjustment indices.

	Corporate Social Responsibility (CSR)	Competitiveness
Corporate Social Responsibility (CSR)	0.740	
Competitiveness	0.428	0.709
Composite Reliability	0.781	0.876
Average Variance Extracted (AVE)	0.547	0.503

Note: Values on the diagonal are \sqrt{AVE} . As they are greater than the correlations between the VL (values outside the diagonal), there is discriminant validity (Fornell & Larcker, 1981; Hair Junior et al., 2014).

Corporate Social Responsibility (CSR) for clients, with all averages above 6 and an overall average of 6.69. In addition to this dimension, Corporate Social Responsibility (CSR) dimensions for employees and Corporate Social Responsibility (CSR) for social and non-social stakeholders obtained high averages as well, indicating that all the items presented are important factors for respondents. As shown in Table 4, the statistical results support the main hypothesis. Below there is a discussion of each hypothesis in a more detailed way.

Table 4. Structural model evaluation.

Hypothesis	VIF	f ²	Structural Coefficient	Standard error	t-value	p-value	R ²	
Corporate Social Responsibility (CSR) -> Competitiveness	H1(+)	1.0	0.225	0.428	0.066	6.519	0.000	0.183

As for the dimensions of the governance mode construct, the one with the highest level of frequency is the collaborative governance mode, with an average of 6.1, indicating a proactivity in Corporate Social Responsibility (CSR) by the companies analyzed when considering that this mode of governance prevails in more advanced companies in the Corporate Social Responsibility (CSR) continuum (Shah & Arjoon, 2015). This indication is reinforced by the fact that the lowest average is in the outsourced governance mode, which it represents the other end of the continuum. In relation to competitiveness, the items presented all averages above 6, with an overall average of 6.41.

The degree of agreement with the Corporate Social Responsibility (CSR) assertions was related to the frequency of use of the governance modes adopted by the company. The data suggested a predominance of the use of the collaborative governance mode, in which the Brazilian MNCs that indicated the highest levels of agreement with the Corporate Social Responsibility (CSR) assertions, use this governance mode more frequently (81.2% of the time), demonstrating the proactivity of the companies that composes the sample (Shah & Arjoon, 2015).

Nevertheless, the same table explains that all Brazilian MNCs use more than one governance mode in the same proportion. This fact is justified, as companies operate on different fronts focusing on Corporate Social Responsibility (CSR), from the environmental aspect to education of the local community. Hence, each project can be related to a different mode of governance, depending on the know-how and infrastructure that the company has for that, corroborating the results of Chung et al. (2012) for South Korean reality.

The items Sta7, Cli11, Col12, Sta8, Col16 and Col17 were excluded because they presented a low factor load. When analyzing the relationship among the observed variables and the latent constructs, it is noted that for the competitiveness construct, the items with the highest factor loads were Comp3 = 0.804 and Comp1 = 0.768, respectively. This result corroborates Hilson's (2012) view, which it justifies the increasing importance of the Corporate Social Responsibility (CSR) theme in companies by the recognition of CEOs and managers of multinational companies as a relevant theme to be considered in business strategies. When the leader is able to motivate the team to act with the company's values, competitors perceive a superior performance.

As to the Corporate Social Responsibility (CSR) construct, the two items with the highest factor loads were Cli9 = 0.879 and Col15 = 0.780, respectively. These results corroborate what Ting & Yin (2018) affirm to Taiwan context: Corporate Social Responsibility (CSR) engagement, aimed at customers and employees, can solve conflicts among shareholders and primary stakeholders and can improve the company's performance.

Regarding the Cli9 item, it is clear that with Brazilian MNCs increasingly positioning themselves as focal companies in their supply chains, they impose the rules and have direct contact with consumers, designing the product or service to be offered (Seuring & Müller, 2008). As a result, the item's strong relationship with the Corporate Social Responsibility (CSR) construct to customers reinforce the importance of this attention in MNCs with consumer rights.

Finally, regarding item Col15, the idea of Newman et al. (2015) to China, another emerging country is reinforced, which it highlights that the positive perceptions of employees on Corporate Social Responsibility (CSR) practices aimed at them can result in greater efforts to achieve the goals and to improve their performance. Thus, by being concerned with internal stakeholders, in this case employees, a favorable position is achieved in the Corporate Social Responsibility (CSR) continuum, which it can be reflected in the business performance.

H1 cannot be rejected. This result provides evidence to support the view that Corporate Social Responsibility (CSR) actions that aim for the interests of primary stakeholders, essential to the operation of companies, can positively influence the performance of the organization (Ting & Yin, 2018).

The proposed model tested (Figure 2) presents a medium effect (0.225). It is understood, then, that Corporate Social Responsibility (CSR) impacts the competitiveness of Brazilian MNCs. For endogenous variable competitiveness, the Q² indicator presents a small effect (0.081), which it provides support to indicate the existence of the predictive relevance of the model (Weidner et al., 2019).

As to the moderating relations of the variables governance mode internalize (Inter), collaborate (Collab) and outsource (Out), hypothesis H2a, b and c, did not have empirical support. The negative path coefficient

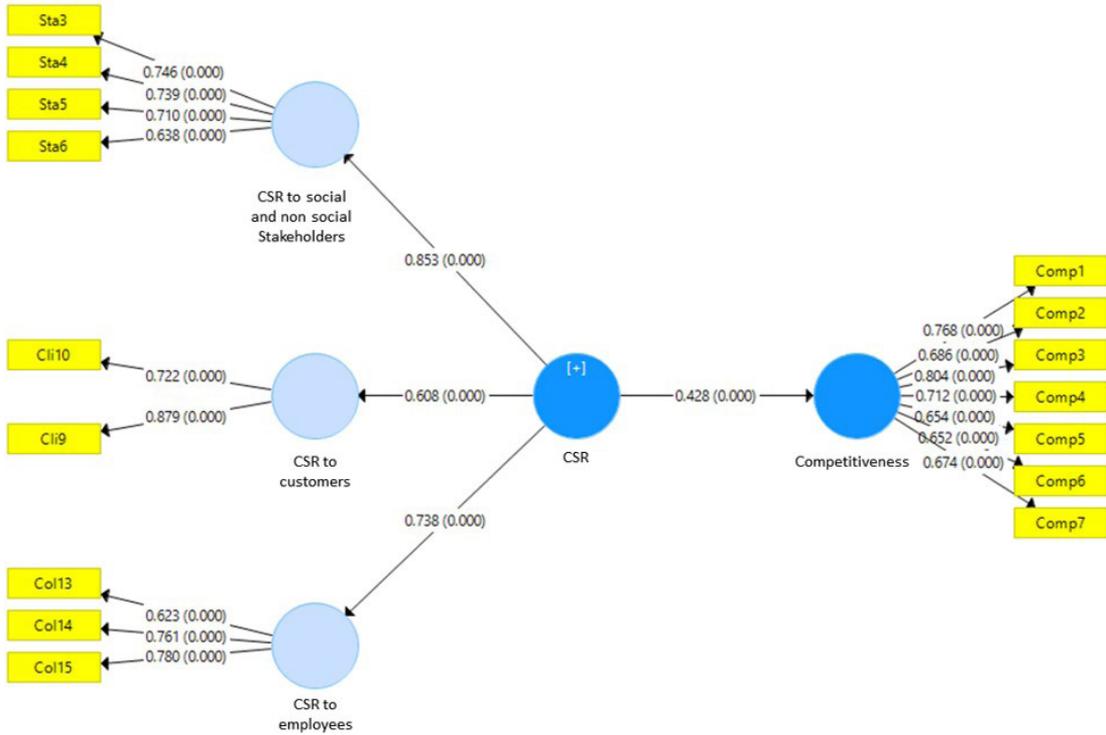


Figure 2. Proposed Theoretical Model Tested.

(-0.268) for the moderating variable collaborate could indicate that there is a negative moderation relationship, weakening the alliance between Corporate Social Responsibility (CSR) and competitiveness, which it is possible in statistical terms (Hair Junior et al., 2014). However, no significant statistical evidence was found to support this causal relationship.

Chung et al. (2012) state that the stronger the strategic relationship between a company's main activities and its Corporate Social Responsibility (CSR) actions, the higher the probability of the company internalizing Corporate Social Responsibility (CSR) activities. At the other extreme, when there is a lack of know-how and infrastructure, companies outsource their Corporate Social Responsibility (CSR) actions. Nonetheless, the non-significance of the results suggests that there is no single way to govern Corporate Social Responsibility (CSR) actions to achieve greater competitiveness. Furthermore, the combination of governance forms may arise depending on the corporate social view, the purpose of Corporate Social Responsibility (CSR) actions, the accumulation of experience, knowledge and the characteristics of the actions to be developed, which even when a company focuses on a single theme for its Corporate Social Responsibility (CSR) actions, the types of governance can change (Chung et al., 2012).

4.3. Parallel between theory and practice

The first point that should be highlighted is the position of Brazilian MNCs in the Corporate Social Responsibility (CSR) continuum, which, through the analysis of the annual reports, it can be verified by statements such as: "we have not shirked our responsibilities and we want to go beyond our legal obligations in relation to socio-environmental themes", as well as "the brands are recognized worldwide for their premium quality, i.e. reflection of a production model that respects legal, environmental and animal welfare aspects". This demonstrates an explicit concern of the sample's multinationals with Corporate Social Responsibility (CSR) aspects, which are valued in their sectors.

In order to legitimize a trend towards proactivity of the studied Emerging market multinational enterprise (EMNE), the analysis of the reports allowed observing a list of awards that analyzes socio-environmental aspects,

received by several of the sample companies in their respective sectors of activity. These awards corroborate the understanding that the Corporate Social Responsibility (CSR) strategy improves organizational performance, brand image and reputation and thereby increases competitive advantage (Barney, 1991; Porter & Kramer, 2006; Wang et al., 2014).

Moreover, a description of their socio-environmental actions was observed, which it goes beyond legal requirements, acting on themes that surpass their field of activity, such as education, sport and culture, placing them in a more proactive position in the Corporate Social Responsibility (CSR) continuum (Munilla & Miles, 2005; Schaltegger et al., 2012). Another fact that indicates a more proactive strategy is the position of Brazilian MNCs in their production chains, that they have been acting as focal companies (Seuring & Müller, 2008), becoming global leaders in innovation such as the bus manufacturer Marcopolo, cosmetics company Natura (Casanova et al., 2019) and raising the level of Corporate Social Responsibility (CSR) in the emerging countries where they operate.

Among the items with the highest averages on the Corporate Social Responsibility (CSR) scale was the following: “our company makes investment to create a better life for the future generations”. The analysis of the reports allowed verifying that 90% of the companies invest in projects aimed at education, whether for children and adolescents in the local community, or even young people and adults in the community and employees of the company itself, thus reinforcing the result of the quantitative analysis.

Reinforcing the result achieved by Gregory et al. (2016) and Wang et al. (2014), the quantitative analysis showed that H1 should not be rejected. With this, when understanding that the Corporate Social Responsibility (CSR) strategy of Brazilian MNCs is mostly aimed at the local community and employees, it is questioned which items of competitiveness have had greater relevance in the materiality matrix of these multinationals.

The matrix analysis allowed verifying that the items that appear as being the main material themes are: the levels of training and empowerment of our personnel, the quality of our products and services and the quality in our human resources management.

The material themes highlight that the collaborator stakeholders are those who have high criticality regarding the strategic planning of Brazilian MNCs, and the formation of a well-trained and well-managed team is a key factor for the competitiveness of these companies. By understanding that, according to the Stakeholder Theory, there are groups within society that are more powerful than others and it is the company that must evaluate and decide which groups require their attention or not (Caiado et al., 2018; Mitchell et al., 1997).

An alert appears for the consideration of employees as stakeholders that contribute to value creation (El Akremi et al., 2018). In addition, one of the Emerging Market Multinational Enterprise (EMNE) reported: “it is still believed that the excellent results [of all social responsibility work] strengthen its positive image among employees” (Excerpt from the sustainability report of a company in the footwear sector, 2018). Such excerpt corroborates the proposal by Turker (2009a) and Newman et al. (2015), who emphasize that Corporate Social Responsibility (CSR) actions improve the company’s image in the perception of employees.

In a complementary way, the understanding of the relationship proposed by H1 has been explained in the sustainability report of one of the MNCs in the sample in the following excerpt: “the Company saw in the dissemination of the culture of ethics, transparency and better practices, essential instruments for its market competitiveness and long-term sustainability”, demonstrating that the relationship among Corporate Social Responsibility (CSR) practices and their result in the organization’s competitiveness is noticeable, also showing a concern with image and minimizing risks (Shevchenko et al., 2016). Moreover, when it comes to attending pressure from stakeholders in developed countries, Brazilian MNCs highlight in their reports the necessary adaptations that are made to their products to serve the European community particularly.

Joining the summary of the awards aimed at socio-environmental areas, it should be noted that companies in the sample also stand out in competitive aspects in their sectors. Considering the relevance of collaborator stakeholders to the competitiveness of companies and the difficulty of attracting and retaining talent in the organization, upon receiving awards and recognitions, Brazilian MNCs reinforce their competitive results.

Regarding the way of governing Corporate Social Responsibility (CSR) actions, the quantitative analysis highlighted two points: (1) Brazilian MNCs use more than one mode of governance and (2) the hypothesis that brought the modes of governance as moderators of the relationship between Corporate Social Responsibility (CSR) and competitiveness were rejected. These points fit more detail in their analysis, which it can be reinforced with the data taken from the multinationals’ reports regarding the practices developed and how they are governed.

Primarily, it is observed that among the analyzed reports, 95% of them show that the MNC has an institute or foundation to govern its Corporate Social Responsibility (CSR) actions, which is responsible, in particular, for the organization of actions aimed at education in the communities where the company operates. Complementarily,

almost entirely, the MNCs in emerging countries make donations and/or social investments, which come from tax incentive laws, reinforcing the important role of the government, as proposed by Tong et al. (2018).

Resorting to institutes and/or foundations to govern Corporate Social Responsibility (CSR) actions and make use of private social investments, are examples of outsourcing social and environmental activities. However, it is worth remembering that MNCs in emerging countries have a strong social role in the area of education, that is, projects that are less related to the company's mission, this being the most used mode of governance, as there are no resources and necessary capabilities internally for project development (Husted & Sousa-Filho, 2016).

Chung et al. (2012) and Husted (2003) state that a determining factor for choosing a type of governance is the strategic relationship among the main activities of a company and its Corporate Social Responsibility (CSR) actions. The analysis of the data presented in the report made it possible to corroborate this statement by realizing that all actions that distanced themselves from the main activity of the organization (education and sport, for example) were governed by the institutes/foundations. On the other hand, the most strategic actions, in particular those related to cost and/or risk (water, energy and environment consumption) of the production process or of the final product, started to be governed internally or through partnerships.

Finally, it is highlighted that the analysis of the reports made clear the use of two or three types of governance per company, demonstrating that, for the analyzed context, there is no better or worse governance mode to be chosen, but rather, what best suits the organizational strategy and available resources.

5. Conclusions and implications

This study aimed to analyze the relationship between the corporate social responsibility strategy and competitiveness. This relation was analyzed considering the moderating effect of the governance mode on CSR actions. This analysis was conducted by applying a survey to a representative sample of Brazilian Multinational Companies. Data were analyzed using partial least squares (PLS) regression. The results of this study highlighted that the data suggested a tendency towards the proactivity of Brazilian MNCs, which besides presenting a high average in the responses to Corporate Social Responsibility (CSR), use the collaborative governance mode more frequently. Through the analysis, it has empirically proven the existence of a significant and positive relationship between the constructs of Corporate Social Responsibility (CSR) and competitiveness (H1).

This research deals with relevant theoretical and empirical gaps when analyzing the reality of Brazilian multinational companies. Thereby, it contributes to the literature, since Latin America, especially Brazil, still lacks research that analyzes their corporate social responsibility practices and establishes relationships with other organizational objectives, such as competitiveness.

In order to broaden the scope of research, future studies may consider the economic/industrial sector variable in their analysis, as companies that deal with intense competition may use their Corporate Social Responsibility (CSR) strategy to increase their performance through differentiation.

As the study focused exclusively on Brazilian MNCs, it would be interesting to replicate it with MNCs from other emerging countries to investigate whether the results are compatible with those obtained here, by testing the proposed model. Thereby, it would be possible to verify whether the results of the present study are linked to Brazilians' characteristics or can be understood as more universal – being able to confirm the external validity of the proposed and tested constructs. It would be relevant for other MNCs of emerging countries to understand whether the general structure of the model proposed here, and the dimensions of Corporate Social Responsibility (CSR) remain in different institutional environments, or whether there is a variability in dimensions in relative importance.

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Annex 1. Construct Operationalization.

CONSTRUCT	DIMENSIONS	ITEMS
Corporate Social Responsibility	CSR to government	(3) Our company always pays its taxes on a regular and continuing basis*
		(4) Our company complies with the legal regulations completely and promptly *
	CSR to social and non-social	(5) Our company participates in the activities which aim to protect and improve the quality of the natural environment (Sta3).
		(6) Our company implements special programs to minimize its negative impact on the natural environment (Sta4).
	Stakeholders	(7) Our company makes investment to create a better life for the future generations (Sta5).
		(8) Our company targets a sustainable growth which considers the future generations (Sta6).
		(9) Our company supports the non-governmental organizations working in the problematic areas (Sta7).
		(10) Our company contributes to the campaigns and projects that promote the well-being of the society (Sta8).
		(11) Our company protects consumer rights beyond the legal requirements (Sta9).
	CSR to customers	(12) Our company provides full and accurate information about its products or services to its customers (Cli10).
CSR to employees	(13) Customer satisfaction is highly important for our company (Cli11).	
	(14) Our company encourages its employees to participate to the voluntarily activities (Col12).	
	(15) Our company policies encourage the employees to develop their skills and careers (Col13).	
	(16) The management of our company is primarily concerned with employees' needs and wants (Col14).	
	(17) Our company implements flexible policies to provide a good work and life balance for its employees (Col15).	
	(18) The managerial decisions related with the employees are usually fair (Col16).	
	(19) Our company supports employees who want to acquire additional education (Col17).	
CSR governance modes	To collaborate	(1) Programs are carried out in collaboration with other organizations (Gov2_Col).
	To outsource	(1) Programs are carried out through donations to other organizations (Gov3_ter).
Competitiveness	Competitive success	(1) Quality in our human resource management (Comp1).
		(2) The levels of training and empowerment of our personnel (Comp2).
		(3) The leadership capabilities of our managers (Comp3).
		(4) Quality of our products and services (Comp4).
		(5) The levels of organizational and administrative management quality (Comp5).
		(6) Transparency of our financial management (Comp6).
		(7) The cohesion of our corporate values and culture (Comp7).

*This items do not reflect self-motivated CSR actions, but rather compliance with laws and regulations, these were withdrawn in the application of the questionnaire.