OWNERSHIP CONCENTRATION FAVORS CORPORATE SOCIAL RESPONSIBILITY OF BRAZILIAN FIRM

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ABSTRACT
Corporate Social Responsibility (CSR) has been of research under different views. On line of research has looked for the determinants of CSR. Recent research in this field suggests that ownership structure may have a link with CSR. The purpose of this work is to examine the relationship between Corporate Social Responsibility and ownership concentration in Brazil, an emerging market with increasing international visibility. Content analysis was conducted to extract data from two different sources, one relative to CSR data and another that provided ownership structure and financial data. CSR index and ownership concentration measures were calculated to estimate models that take into account ownership concentration as a determinant of CSR. The findings indicate that CSR is positively influenced by ownership concentration in Brazil. This may be an indication that large blockholders of Brazilian firm may be considering CSR an interesting way of trying to improve firm image and reputation, and that may be stimulating the undertaking of CSR projects and its disclosure.

Keywords: Corporate social responsibility, ownership concentration, Brazil.

Área Temática: Contabilidade para Usuários Externos

1 INTRODUCTION

In modern times, corporations are subject to enormous pressures exercised from other agents in addition to the traditional stakeholders directly involved with ownership, firm management and capital providing considered under the agency theory (Jensen & Meckling, 1976). Social concerns may be seen as new aspects in this context. They are not usually associated to the main firm strategic objectives and decisions, and, a priori, not seen as value creating. Nonetheless, firms start to be assessed not only by the traditional performance indicators but also by means of the way which they interact with a broad set of social demands (Aguilera, Rupp, Williams, & Ganapathi, 2007; McWilliams, Siegel, & Wright, 2006; Prahalad & Hamel, 1994). Under the stakeholder theory framework, the way a firm interacts with the ample set of its distinct stakeholders is actually relevant (Freeman, 1999; Freeman & Phillips, 2002; Freeman, Wicks, & Parmar, 2004; Jamali, 2008). This new scenario seem to be leading firms to integrate social concerns into their strategic planning, for visibility and reputational reasons, and also as a way to legitimize their social actions (Cochran, 2007; Machado Filho & Zylbersztajn, 2004; Tilling & Tilt, 2010).

Literature has looked for possible determinants of CSR. Among possible factors able to moderate CSR are: firm profitability, firm risk, firm size and sector. More recently, some research works have also considered the possible influence of ownership structure on CSR (Barnea & Rubin, 2010; Li & Zhang, 2010; Robertson, 2009). Evidence that specific country characteristics may have a role on the intensity of CSR has been found (Baughn, Bodie, & McIntosh, 2007; Gjølberg, 2009; Robertson, 2009). The need for more academic attention about CSR in emerging markets has also been highlighted (Li & Zhang, 2010).These are important motivations for researches on specific markets as is the case of Brazil. Specifically, the search for legitimacy and reputation may be a factor that interferes in CSR policy and its reporting (Adams, 2008; Bebbington, Larrinaga-González, & Moneva-Abadía, 2008; Bebbington, Larrinaga, & Moneva, 2008; Deegan, 2002). Considering the importance of both, firm' actions legitimacy and reputation for firm owners, it is important to look for possible links between ownership structure and CSR. In this work, the authors try to answer whether CSR policy of the Brazilian firm is influenced by ownership structure, specifically ownership concentration or the presence of a controlling blockholder?

Estimating econometric models in what a measure of CSR is the dependent variable, and ownership concentration is the main explanatory variable among other control variables, the results show a positive correlation between ownership concentration and CSR. These findings signal that, indeed, CSR of the Brazilian firm seems to benefit from ownership concentration.

The remainder of the paper is organized as follows. The next section presents a review of the literature and proposes the hypotheses for the present study. Then, sample and research strategy are described. Presentation of consolidated results is shown in continuation. In the final part of the paper, we offer conclusions and final considerations.

2 LITERATURE REVIEW AND HYPOTHESES

2.1 Corporate Social Responsibility, legitimacy and reputational concerns

As predicted under the stakeholder theory framework, CSR may be considered as a response to social pressures, which characterize the dimensions of CSR (Cochran, 2007; Wood, 1991). A set of possible factors that may interfere in the intensity of firm's CSR has been considered, as is the case of profitability, leverage, firm size, sector, and more recently, ownership structure.

Organizational legitimacy may be considered to be a kind of "social contract" between firm and society in the sense that society is watching firm behavior and is able to, in a certain way, "punish" firms that disrespect such "social contract" by undertaking incorrect actions (Bebbington, Larrinaga, & Moneva, 2008). In this sense, firm legitimacy is associated to proper, expected, or desirable, actions of a firm within a social system (Deephouse & Carter, 2005). Undertaking CSR activities and its respective disclosure may be analyzed under the framework of legitimacy theory that considers such activities a way firms may use to legitimize their actions that are not, in a certain way, regulated, as is the case of CSR and its disclosure (Deegan, 2002; Machado Filho & Zylbersztajn, 2004; Tilling & Tilt, 2010). Although the voluntary aspect and absence of specific format for CSR disclosure, firms have implemented CSR policies and publicized their respective CSR actions. The search for legitimizing CSR activities may be driven by some reasons. Firstly, the firm wishes to inform their stakeholders about significant changes in CSR policy. Second, the company wants to change firm's perceptions of their relevant stakeholders, even though there have not been significant organizational changes. Third, the company tries to divert attention from problems in evidence, driving attention to other issues that may be favorable to its image as is the case of CSR. Finally, the company tries to adjust, or adequate, concepts and opinions on social values and standards to align them with their interests. Regardless the exact reasons, the purpose to legitimize firms' activities is to gain, maintain or repair legitimacy with relevant corporation's stakeholders. To achieve this desired goal, the firm's activities subject to legitimacy must be presented to stakeholders and society in general (Deegan, 2002; Dowling & Pfeffer, 1975). Annual reports are a tool used for legitimizing corporate actions, serving as a tool to improve stakeholders' perception of the company and even influence concepts and opinions about values and norms of society (Deegan, Rankin, & Tobin, 2002; Deegan, Rankin, & Voght, 2000; Li, Richardson, & Thornton, 1997; Tilling & Tilt, 2010).

Reputational aspects have also been treated in the literature as a concern that may also play a role on CSR policy. Organizational reputation is related to quality, esteem, image and prestige, in a sense that is feasible to relative comparison to other entities (Deephouse & Carter, 2005). Some research has highlighted that the concept of organizational reputation may help the comprehension of CSR reporting practice (Bebbington, Larrinaga, & Moneva, 2008; Deephouse & Carter, 2005). Owners and managers who consider reputation a relevant concern, both for the firm and for themselves, may be more prone to undertake CSR actions as an additional way to improve such important concern.

2.2 CSR in Brazil

Literature has highlighted that country characteristics may have an important role in firms' CSR strategies (Baughn, Bodie, & McIntosh, 2007; Gjølberg, 2009; Robertson, 2009). In the 1990s, the idea of CSR in Brazil has matured with the incorporation of CSR theme by a group of companies that began to promote social action. Some factors contributed to the advancement of CSR: pressure from international agencies; campaigns of various organizations related to nature protection, the 1988 Constitution, which represented a major advance in both social and environmental issues, and, the completion of important events and social programs as the Eco 1992 in Rio de Janeiro (IBASE, 2008). It is worth mentioning the initiative of relevant institutions like IBASE (Brazilian Institute of Social and Economic Analysis). This institution has, among a group of social purposes, encouraged firms to undertake social action. In this context they have proposed a report model for disclosing Corporate Social Responsibility. Besides, they attributed a kind of label of "social responsible firm" to the firms with good social performance. The number of firms adopting IBASE's CSR report model has been more than 180 in 2003 and 2004 which is a relevant number of firms (IBASE, 2008).

2.3 Ownership structure and CSR

Literature has documented that conflicts of interests among main firm's stakeholders such as owners, management and creditors, considered by the theory of the firm (Jensen & Meckling, 1976), seem to be moderated by ownership structure. For instance, conflicts between ownership and firm's management is stronger in markets with low concentration in contrast to markets characterized by high ownership concentration where conflicts between major and minority shareholders seem to be more pronounced (Cuervo, 2002; Shleifer & Vishny, 1997). A number of works has found evidence on the influence of different aspects of ownership structure on investment and financial policies (Crisóstomo, 2011; Goergen & Renneboog, 2001; Schiantarelli & Sembenelli, 2000). Another stream of research has shown that ownership structure has also a role on firm value and performance (Allen & Phillips, 2000; Villalonga & Amit, 2006). Considering that ownership structure matters for such a number of firm policies it is very feasible to consider that it may also influence firm's CSR policy. Firm owners and managers have worried about CSR since it started to be considered as an additional way a firm may follow in the search for legitimacy and improvement of firm image and reputation.

Indeed, some recent research has pointed out the relevance of ownership structure for

CSR. (Robertson, 2009) considers that ownership structure might influence strategic decisions about CSR and cites important cases of social actions by family firms in Turkey as an example. Robertson mentions that the family-ownership structure in Turkey is very relevant to the present way of doing CSR as corporate philanthropy in that country. Robertson's view is that the influence of ownership structure on CSR could also be country specific.

Ownership concentration has been found to be negatively correlated to investor protection (La Porta, López-de-Silanes, Shleifer, & Vishny, 1998). (See, 2009) considers that well protected shareholder rights might enhance the likelihood that companies view CSR as something beneficial to firm's profitability. Considering that the discussion about the legitimacy of CSR actions is closely related to whether CSR is value creating or not as the literature has pointed out (Griffin & Mahon, 1997; Margolis & Walsh, 2003) it is feasible to consider that ownership concentration may indeed matter for CSR. The previous rationale that well protected minority shareholders might favor companies' view of CSR as beneficial to profitability has a counterview. In a different direction, minority shareholders may see CSR as fund consuming and profit reducing in the short-run, and this way they may not interested in CSR. In this scenario, large powerful blockholders are more prone to undertake CSR activities that might reflect their preferences of the firm's controlling shareholders that may view social legitimacy as relevant even at the expense of some profit in the short-run and damaging minority shareholders interests. The search for legitimacy may drive such controlling shareholders that consider reputation a relevant concern and the reduced number of blockholders may ease the ongoing of CSR actions with this purpose.

Results related to the association between CSR and ownership structure are still initial and inconclusive. Some works have found a positive effect of ownership concentration on CSR, most of the times considering voluntary disclosure, which includes CSR, as a proxy for it. (Eng & Mak, 2003) find that voluntary disclosure is stronger with higher ownership in hands of government in Singapore. In Malaysia, a positive effect of ownership concentration on CSR has been found (Said, Zainuddin, & Haron, 2009).

Some aspects of ownership structure have also been found to be negatively associated to CSR. This is the case of insider ownership in USA (Barnea & Rubin, 2010), and ownership concentration in hands of the main shareholder of non state firms in China (Li & Zhang, 2010). In the European scenario (López-Iturriaga & López-de-Foronda, 2011) have found that the power of the largest shareholder is negatively related to CSR.

Another group of works has found no correlation between ownership concentration and CSR, included in voluntary disclosure (Halme & Huse, 1997; Prado-Lorenzo, Gallego-Alvarez, & Garcia-Sanchez, 2009; Roberts, 1992).

2.4 Hypotheses rationale

Following the above arguments about higher ownership concentration, usually associated with a reduced number of blockholders, it is worth mentioning that such a reality is favorable in minimizing agency conflicts between managers and owners, since it facilitates management monitoring and alleviates the free-rider problem. Besides, ownership concentration in hands of a few controlling blockholders tends to be associated to long-term perspective in ownership, in contrast to the behavior of most minority shareholders. Evidence of a positive effect of ownership concentration in easing firm's access to external finance has been found and literature has considered reputation an important concern in this field (Chirinko & Schaller, 1995; Goergen & Renneboog, 2001).

Looking at CSR policy, decision about it might be taken discretionarily by large blockholders looking for benefits in improving firm image and reputation in the medium and long-run even being contrary to the short-term interests of minority shareholders.

CSR activities most highlighted by the literature are associated to actions directed to non-shareholders stakeholders and there is controversy about the value creation capacity of such actions as previously mentioned (Margolis & Walsh, 2003; See, 2009). Returns from CSR activities may not be associated with short-term periods of time since it is something that might be incorporated to brand and firm image in the long-run, what is very important to large blockholders, usually with long-term perspective in firm ownership compared to minority shareholders. Highly protected minority shareholders can be powerful enough to disagree with great amounts of CSR that could be profit consuming in the short-run. In the opposite way, in markets where a small number of controlling blockholders have the opportunity to decide about it discretionally, i.e., with no strong minority shareholders opposition, the legitimacy and reputational motives might be stronger than short-term profitability even facing the possibility of disrespecting minority shareholders' interests. Considering the uncertain value creation power of CSR and that Brazil is characterized by low protected minority shareholders as documented in the literature (Dyck & Zingales, 2004; La Porta, López-de-Silanes, Shleifer, & Vishny, 1998) it is feasible that ownership concentration in Brazil may lead to more importance of legitimacy and reputational concerns driving CSR. This set of arguments leads us to the proposition of the following research hypothesis:

Hypothesis 1: Ownership concentration, usually associated to a small number of block controlling shareholders, may favor CSR due to reputational concerns of such large voting stockholders. This way, it is expected a positive effect of ownership concentration on CSR of Brazilian firms.

Hypothesis 1 can be considered taking into account two perspectives of ownership concentration. First, it can be analyzed under the framework of a dominant shareholder. Second, it can also be viewed considering ownership concentration in hands of reference blockholders.

The presence of a majority, or dominant, voting shareholder, as previously mentioned, may be an aspect that might favor the undertaking of CSR projects as a way to strengthen the search for better firm's image in the medium and long-run. That may be a strategic decision of empowering long-term perspective even at the expense of minority shareholders' interests. This rationale motivates the proposition of Hypothesis 1A:

Hypothesis 1A: Ownership of a major voting shareholder may favor firm's CSR since such shareholder may consider CSR policy important to long-term value creation. Hence, the presence of a majority shareholder is expected to be positively correlated to CSR in Brazil.

A similar rationale may arise taking into account the ownership concentration in hands of a few main voting shareholders. In this case, a limited number of powerful voting blockholders, with or without a majority one, may be associated to easier alignment of interests and reduced conflicts among such powerful blockholders that are able to easily for coalitions. This situation may be as favorable to CSR policy when these controlling blockholders see it as able to contribute to firm's image, reputation, and legitimacy, what is important for large blockholders with long-term perspective in ownership. As a consequence of these positive benefits, CSR may also be value creating in the long-run. A group of large shareholders with aligned interests may even easily prioritize their own interests. This rationale is summarized in Hypothesis 1B in the following terms:

Hypothesis 1B: Ownership concentration in hands of the five main voting shareholders favors CSR in Brazil since this may lead to easier alignment of interests relative to CSR *projects that are able to contribute to firm's action legitimacy and improve firm reputation in the medium and long-run. This way, ownership concentration is considered to have a positive effect on CSR in Brazil.*

3 SAMPLE AND METHOD

3.1 Sample

Difficulties for CSR measurement, frequently mentioned in the literature, may be even more severe in markets in which the question is relatively still incipient, as it is the case of emerging markets like Brazil. Brazilian firms are not compelled to disclose CSR information. This way, firms do it voluntarily in a free manner. Such absence of uniformity on format and content makes research more difficult. To have this study feasible we collected data from two different sources: the Brazilian Institute of Social and Economic Analysis (IBASE), and Economática. IBASE has, together with a group of social purposes, encouraged firms to undertake CSR. In this field, IBASE has proposed a report model for disclosing firm's CSR and also served as a data repository of such data. There has been an important voluntary adherence of firms since the first year, 1996, with only 9 firms, until a maximum of 234 firms in 2003 that was followed by a decline since then, with 200 firms in 2005, and only 126 in 2006. In 2009, IBASE declared that had reached its purpose of promoting CSR with its disclosure model and would not file firms' CSR data anymore. Although there were limitations to their filing, IBASE has created an important database on CSR in Brazil. Considering the uniqueness of such database we have collected social information from IBASE for the whole period of research. Then, we have merged CSR data with financial and ownership data collected from Economática database. Having ownership data as a key point, the sample has been restricted to listed companies in the period 1997-2008, resulting in 354 firm-year observations of 64 companies, with 1 to 12 firm-year observations during the period. The sample represents around 25% of all the nonfinancial companies listed in the Brazilian stock market in the period of study. The distribution of firms in eight most important sectors of the economy is also relevant to the study as can be seen in Table 1.

Table 1. Sample firms by Sector

Sector	N. Observ.	%	N. Firms	%
Gas and fuel products	16	4,52	4	6,25
Minig, steel products and chemicals	64	18,08	11	17,19
Machinery and equipment	27	7,63	6	9,38
Telecomunications	17	4,80	3	4,69
Electric Energy, gas supply, and water supply and sanitary services	164	46,33	28	43,75
Financial	34	9,60	5	7,81
Trade and retailing	13	3,67	3	4,69
Other	19	5,37	4	6,25
Total	354	100,00	64	100,00

3.2 Variables and models

As highlighted in the literature, CSR measurement is a problem very often mentioned in the literature. That is probably the reason for the lack of uniformity and the great variety of measures used in CSR research (Margolis & Walsh, 2003; Waddock & Graves, 1997). Such difficulty is also present in Brazil. This study uses a CSR index based on relative amounts spent on social action. The CSR index adopted in this study is based on IBASE's information, which contains CSR data regarding the three corporate social action segments: relationship with employees, external social action and environmental action. The CSR index (Corporate Social Responsibility Index – CSR_I) is the ratio between the amount of funds spent by the company in firm CSR, and its net sales, as previously used in Brazil (Crisóstomo, Freire, & Vasconcellos, 2011; Machado, Machado, & Santos, 2010).

This work uses two econometric models to deal with the association between ownership concentration and CSR. The models have CSR_I as the dependent variable that is regressed on ownership concentration and other relevant control variables used in the literature. In model of equation (1), a dummy variable (DMajor) has been used to take into account the presence of a majority shareholder (DMajor) as proposed by hypothesis 1A. This dummy variable is set to 1 whether firm i, in year t, has a majority voting shareholder, and is set to 0 otherwise.

$$CSR\_I_{i,t} = \beta_0 + \beta_1\, DMajor_{i,t} + \beta_2\, ROA_{i,t} + \beta_3\, LEV_{i,t} + \beta_4\, SIZE_{i,t} + \beta_5\, SD_{i,t} + \beta_6\, YD_{i,t} + \varepsilon_{i,t} \;(1).$$

Model of equation (2) has the sum of ownership concentration in hands of the five main voting shareholders (OwnC) as the determinant of CSR according to hypothesis (2) proposal. The variable OwnC contains the sum of voting shares of reference shareholders. For robustness results, model (2) has been estimated for such sum with 5 distinct values: the sum of voting shares in hands of the main shareholder (OwnC_1), two main shareholders (OwnC_2), three (OwnC_3), four (OwnC_4), and five main shareholders (OwnC_5).

$$CSR\_I_{i,t} = \beta_0 + \beta_1\, OwnC_{i,t} + \beta_2\, ROA_{i,t} + \beta_3\, LEV_{i,t} + \beta_4\, SIZE_{i,t} + \beta_5\, SD_{i,t} + \beta_6\, YD_{i,t} + \varepsilon_{i,t} \;(2).$$

Control variables are added to the models so that the results are moderated for a vaster number of factors as common in previous works. Literature frequently controls also for profitability, firm size, risk (proxied by leverage in this work) and sector (Griffin & Mahon, 1997; Husted & Allen, 2007; Ullman, 1985; Waddock & Graves, 1997).

In face of the lack of a consensus and following the current tendency on the CSR literature, this work adopts return on assets (ROA) as financial accounting performance measures which has been used previously (Baron, Harjoto, & Jo, 2009; Griffin & Mahon, 1997; Waddock & Graves, 1997). Results are still inconclusive but literature rationale is that profitability may favor CSR since higher profitability might be trend for the appearance of slack resources.

Firm leverage is also seen as able to influence its CSR. Firm leverage can be seen as proxy for firm risk. In this sense, since CSR is not strictly connected to the main business of the company, risk tolerance of firm direction might moderate its attitude toward CSR once CSR requires the use of funds that would otherwise be used in the main activities of the company. Looking at leverage itself, the more leveraged the firm is, the less flexibility it has to direct funds to other destinations diverse of main firm’s business. Firm leverage (LEV) is measured by the ratio of total liabilities over total assets.

Firm size is an important control variable since size may influence firm capacity to undertake CSR actions. Smaller companies may face lower capacity of sustaining a more active behavior regarding social action, comparatively to larger ones which usually have more infra-structure as well as higher cash flow levels. At the same time, as a firm grows it becomes more visible and more responsible with respect to different stakeholders’ demands. This study adopts the log of total assets as an approximation of company’s size (SIZE).

Considering that some sectors usually may have more intense social activity it is important to take the industry factor into account with the inclusion of sector dummies (SD) in the models. Additionally, year dummies (YD) have also been used to take into account possible time events with effects on CSR. Due to a lot of firms with only one and two years of observations, models were estimated using OLS (Ordinary Least Squares).

4 RESULTS

Table 2 shows descriptive statistics of models variables. During the period of study, the Brazilian firm had approximately 7.5% of annual net sales directed to social action (CSR_I). Considering ownership concentration, variables OwnC show that, effectively, the Brazilian firm still has high ownership concentration as literature has documented previously (La Porta, López-de-Silanes, Shleifer, & Vishny, 1998; López-Iturriaga & Crisóstomo, 2010). The average ownership concentration of voting shares is around 64% in hands of the main shareholder (OwnC_1) and reaches 87% in hands of the five main shareholders (OwnC_5). Such number indicates that, indeed, ownership of Brazilian firms is more concentrated than that of firms from Anglo Saxon countries by (La Porta, López-de-Silanes, Shleifer, & Vishny, 1998). Such characteristic of high ownership concentration may indeed lead to some specific effects on certain firm strategic policies as previously found and possibly also on CSR policy.

Table 2. Variables descriptive values

Variables	Average	SD	CV	Variance	Median	Min	Max
CSR_I	0,0756	0,0535	0,7080	0,0029	0,0599	0,0042	0,2652
OwnC_1	0,6452	0,2569	0,3982	0,0660	0,6342	0,1127	1,0000
OwnC_2	0,7920	0,2079	0,2625	0,0432	0,8633	0,1738	1,0000
OwnC_3	0,8397	0,1770	0,2108	0,0313	0,9000	0,1738	1,0000
OwnC_4	0,8610	0,1576	0,1830	0,0248	0,9227	0,1738	1,0000
OwnC_5	0,8730	0,1454	0,1666	0,0211	0,9290	0,1738	1,0000
ROA	0,0521	0,0881	1,6901	0,0078	0,0410	-0,3918	0,4403
SIZE	14,1731	1,6111	0,1137	2,5957	13,8956	10,6208	18,7701
LEV	0,2164	0,1757	0,8116	0,0309	0,2175	0,0000	0,9498

Information provided in Table 3 shows that, in reality, ownership concentration has a positive influence on Corporate Social Responsibility policy (CSR_I) of the Brazilian firm. Looking at model (1) estimates (column i) one can see the presence of a majority voting shareholder (DMajor) has a significant and positive effect on CSR, giving support to consider the appropriateness of hypothesis 1A. The picture depicted in model 2 estimates (columns ii to vi), which take into account the ownership concentration among the five main voting shareholders, is equivalent. Ownership concentration in hands of the main voting shareholder (OwnC_1), or in hands of 2 to 5 main voting shareholders (OwnC_2, OwnC_3, OwnC_4, OwnC_5), has shown to be positively related to CSR of Brazilian firm at the 1% significance level. The findings can be viewed as good support to consider to validity of hypothesis 2.

Additional result that is worth mentioning is the significant negative correlation between leverage (LEV) and CSR of Brazilian firm in accordance with such adverse effect predicted and documented by the literature (Crisóstomo, Freire, & Vasconcellos, 2011; Waddock & Graves, 1997). No significant effect of profitability (ROA) and firm size (SIZE) on CSR has been found.

Table 3. Analysis of the explanatory power of Ownership Concentration over CSR

Variables	(i)	(ii)	(iii)	(iv)	(v)	(vi)
DMajor	0,0244***					
	(0,0063)					
OwnC_1		0,0269***				
		(0,0096)				
OwnC_2			0,0490***			
			(0,0101)			
OwnC_3				0,0490***		
				(0,0120)		
OwnC_4					0,0438***	
					(0,0135)	
OwnC_5						0,0397***
						(0,0149)
ROA	-0,0454	-0,0458	-0,0381	-0,0429	-0,0456	-0,0472
	(0,0411)	(0,0404)	(0,0402)	(0,0402)	(0,0402)	(0,0402)
SIZE	-0,0042*	-0,0033	-0,0027	-0,0025	-0,0025	-0,0027
	(0,0023)	(0,0023)	(0,0022)	(0,0022)	(0,0023)	(0,0023)
LEV	-0,0693***	-0,0759***	-0,0725***	-0,0729***	-0,0743***	-0,0750***
	(0,0172)	(0,0165)	(0,0163)	(0,0163)	(0,0164)	(0,0164)
Constant	0,1148***	0,1039***	0,0767**	0,0730*	0,0784**	0,0839**
	(0,0391)	(0,0375)	(0,0362)	(0,0370)	(0,0374)	(0,0376)
N	354	354	354	354	354	354
F	6,77	6,36	7,15	6,47	6,21	6,07
Valor-p	0	0	0	0	0	0
Adjusted R^2	0,289	0,2763	0,2908	0,2852	0,2782	0,2743

CSR-I is the dependent variable in all models. The table presents estimated coefficients concerning models derived from the equations (1) and (2). Standard errors (in parenthesis) are estimated robust to heteroskedasticity. ***, **, and * denote statistical significance of the coefficients at 1%, 5%, and 10% levels.

This set of results show that, indeed, ownership concentration positively influences CSR of Brazilian firm. In Latin American economies, the usually reduced number of controlling shareholders is usually involved in, or very close to management activities. This leads to a reality on which blockholders have their names strongly associated to firm name and that makes reputation an even more relevant concern. Hence, the findings of a positive effect of ownership on CSR might be interpreted as the search of powerful controlling shareholders for legitimizing firm actions and also for reputational concerns of firms and respective reference blockholders. In fact, reference blockholders of the Brazilian firm consider CSR policy a way to try to improve firm image and reputation and disclose it in the search for legitimacy. Such agreement about the positive effect of CSR may lead to easier alignment of interests favoring CSR policy.

5 CONCLUSIONS

Research has looked for determinants of Corporate Social Responsibility. Among the findings about possible determinants of CSR, are profitability, firm size, and risk leverage, besides sector and country. However, most of such results are still inconclusive. More recently, research has put attention on the possible role ownership structure may play on CSR due to reputational concerns, and a search for legitimizing firm actions.

This work has analyzed the possible relationship between ownership concentration and CSR in Brazil using ownership and CSR data of 64 listed companies in the period 1997-2003. An annual CSR index was created to proxy for CSR policy. Such index has been measured as the sum of social expenses relative to net sales. On the other side, traditional measures of ownership concentration have been used: a dummy indicating the presence of a majority shareholder, and the sum of ownership in hands of the first, the two and so on until the sum of ownership in hands of the five main shareholders.

The estimation of a set of econometric models has provided results that exhibit a trend toward a positive effect of ownership concentration on firm's CSR in Brazil. This positive influence has been strong for the presence of a majority shareholder and an equivalent scenario has been depicted when taking into account ownership concentration in hands of the five main voting shareholders. Ownership concentration in hands of the five main shareholders has shown to be a powerful determinant of Brazilian firm CSR.

This set of results may be interpreted as an indication that large blockholders of Brazilian firm consider CSR policy as way of improving firm image and reputation with possible value creation in the long-run. This view favors CSR actions when there is a controlling shareholder. In the case of large blockholders that may compose a coalition to control the firm, the positive view of CSR may also favor de alignment of interests of them, since CSR is not very risky and fund consuming compared to other projects that may lead to conflict of interests among controlling shareholders. This positive view of CSR by controlling shareholders leads to the positive CSR-ownership concentration sensitivity that may indicate the search of powerful controlling shareholders for legitimizing firm actions and also for reputational concerns of firms and their owners.

We consider this work as a contribution to CSR literature since it presents a research about the influence of ownership concentration on CSR policy in Brazil, an emerging market with increasing international visibility, where such kind of research, as far as we are concerned, is still absent.

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