

## MANAGE RELATIONSHIPS WITH STAKEHOLDERS AS A MAJOR AREA OF CORPORATE SOCIAL RESPONSIBILITY

Joanna Gajda

Technical University of Czestochowa, Poland  
joannagajda@vp.pl

Agnieszka Puto

Technical University of Czestochowa, Poland  
agnieszkaputo@o2.pl

### **Abstract:**

The organization wanting to maintain their strong market position must take care to remain socially responsible. In order to achieve this goal is important to maintain the desired relationships with stakeholders so that you can effectively respond to the expectations and needs of the groups involved in its activities and the most important social problems. The purpose of this article is to present views on the effective management of relationships with stakeholders, taking into account issues relating to the preparation and use of appropriate tools to successfully enable stakeholders to dialogue condition for the welfare of the use of their knowledge and ideas and thus the dynamic development of the company.

*Keywords: stakeholders, corporate social responsibility, stakeholder relationship management*

## **1. INTRODUCTION**

Business operates in a particular social structure underlying the concept of corporate social responsibility are the relationships between organizations and society. Surrounded by the company are active various interest groups that should be included in the management processes. One of the challenges to facilitate the activities carried out by the organization in the pursuit of sustainable business is to build good relationships with stakeholders who have an impact on the survival and functioning of the organization. This becomes possible with reference to standards for socially responsible behavior of the organizations. They should take care of the conscious search for ways to build and maintain good relationships with their stakeholders. Against this background, presented the conditions conducive to the formation of the desired relations with key stakeholders who have an impact on the achievement of the objectives of the organization.

## **2. STAKEHOLDER GROUPS FROM THE POINT OF VIEW OF CORPORATE SOCIAL RESPONSIBILITY**

Classification can be divided into a number of stakeholders. Based on the classification takes into account the relationship between the environment and the organization distinguishes the following stakeholder groups (Plawgo 2009).

- Representing stakeholders - those involved in the creation of organizations such as the board of directors, employees, shareholders, owners,
- Stakeholders contract - entities in a direct relationship with the organization due to the implementation of its objectives pursued, ie, customers, collaborators, suppliers,
- Stakeholders context - entities over which the organization has an indirect effect, that is, social institutions, government, environmental organizations, the people of the region.

There is also a classification relating to the two dimensions of CSR - internal and external, included in the Green Paper. The internal dimension relates to such issues as human resources management, occupational health and safety, adaptation to change. In contrast, the external dimension refers to actions for the groups of stakeholders such as local communities, business partners, customers, the environment. From the point of view of social responsibility all of the above groups are important for the organization since become involved in activities for the organization and provide a valuable source of information on its operation.

## **3. CORPORATE SOCIAL RESPONSIBILITY TO STAKEHOLDERS**

The literature in the field of management of the organization can meet with the opinion that the market position of the organization is formed depending on the current value of the stream of income received in the future. With the participation of stakeholders or entities engaging in activities of the organization, it is possible to achieve its long-term growth. Building lasting relationships with stakeholders the organization, based on mutual trust is conducive to obtaining their payback. It can be characterized by a high level of customer satisfaction and reduced risk of commercial contracts suppliers. Thus, the organization managers should seek to maximize value for all stakeholders by referring to the strategic balance (Domańska-Szaruga 2010). The following table shows examples of the objectives and generating value for all stakeholders.

**Table 1:** Objectives and generators stakeholder value

Stakeholders	Main objective	Generators
The owners (shareholders)	increase in the value of the company	sales growth, return on sales, investment, cost of capital, tax rate
The Supervisory Board	business management	control, delegation of power, information
management	professional fulfillment	control, income, increase in sales / profit, design activities
Staff	standard of living	Income, job security, working conditions, participation in profits
customers	Meeting the needs of	Quality products, competitive price, quality of supply, the company's image
Providers	survival and development	The volume of demand, stable contracts, pricing, trading / investment, control
State	economic growth, prosperity	Taxes, fees, compliance / standards
society	justice, quality of life, a future	information systems, environmental, moral values

Source: A. Lenart, Przydatność systemu ERP w świetle zrównoważonego rozwoju przedsiębiorstw, (in:) M. Cisek, B. Domańska-Szaruga (red.) Zrównoważony rozwój przedsiębiorstw, Wyd. Studio EMKA, Warszawa 2010, s. 279.

As part of its corporate social responsibility organizations join the declarations concerning the delineation of stakeholder groups to which action will be taken related to the implementation of CSR. Formulated by a particular organization declarations and commitments to stakeholders due to the overall strategy of the company, which refers in particular to the social and ethical issues that occur in different areas of its strategic course of action. This means that any decision in relation to changes in the objectives and methods necessary for the implementation of strategic measures need to be considered in terms of social responsibility of the organization (Rybak 2005).

In the context of social policy organizations entering into relationships with the environment demonstrating different attitudes (Banasiewicz 2009):

- Reactive attitude - shows that socially responsible organization takes action only when the absence of such a reaction may be the cause of difficulties in achieving its objectives. As an example of such a situation, one can cite the organizations that are of strategic importance for the state, operating in natural monopoly conditions where they are strikes. These organizations building their monopoly sometimes lack a clear focus on the main dimension of their own responsibility, namely to improve the working conditions of workers. It must therefore be assumed that this dimension is not an act carried out by the organization management policy, a response to certain conditions. Therefore, it would be good if there was a reactive posture fixed element of the policy of the organization;
- Defensive attitude - is to eliminate threats lurking on the organization, but it is not accompanied by reflection. This attitude is focused on the external environment as well as the organization of its internal stakeholders. With finds difficulty in its further feedback from the environment. In this case, it is only the elements of the environment, which directly relate to the production process. When, for example. The company proceeds to build a sewage treatment plant or the installation of filters to be a more defensive reaction against the consequences rather than the ability to implement strategies towards the local community;
- Attitude adjustment - that all activities undertaken by the organization allowing to adapt to the requirements that the legal nature and expectations of the public. That attitude is expressed in the creation of a variety of codes, in taking initiatives for the dissemination of good practice;

- Proactive attitude - manifests itself in activities that do not fall within the scope of the existing legal framework, beyond social expectations so unpredictable if they comply with the moral standards accepted by a given community. As an example of this attitude can be specified to print a description of the drug with analgesic in Braille. It follows that the pharmaceutical company is responding to the needs of consumers belonging to a small segment of the market thus gaining approval and recognition due to the unique approach of society to people with low vision.

Below characterized the attitude exhibited to the public are an expression of the social contract and implemented in practice CSR - economic, legal, ethical.

One of the tools to analyze an organization's activities take into account the interests of society, is the model of A. Carroll. Based on this model arose following areas of Corporate Social Responsibility (Żemigala 2013):

- Pure economic responsibility, is on a quest to maximize profits without taking into account the legal and ethical dimension;
- Pure liability, is the need for activities in accordance with existing regulations, when not to take advantage of economic and ethical considerations;
- Pure ethical responsibility means that economic activity should be conducted on the basis of moral principles, with disregard economic and legal impacts on the functioning of the organization;
- Economic responsibility - ethical reduced to initiate activities due to the conditions of an economic and ethical, while the existing legislation does not underlie the activity undertaken, although usually are taken into account;
- Economic responsibility - legal concerns actions taken while taking into account the economic and legal conditions; in this case, the ethical criteria are taken into account, but their implementation is a passive;
- Legal liability - it ethical to take action without economic gain but taking into account the law and ethical standards; occurs mostly economic profit, but as a result of compliance;
- Optimal solution is reduced to take account of the requirements as a result of taking into account each area of responsibility.

In order to find the compatibility between business and society, the concept of social responsibility refers to the sphere of ethics of the organization. Business Ethics aims to seek solutions to the requirements of the intermediate connecting a moral concern for the observance of the interests of the company. Currently, the problem of business ethics is becoming increasingly important especially in the context of the increasing competition in the market. To cope with the challenges organizations should begin to build the principles of ethical conduct and to respect them. It is worth quoting the main groups of issues falling within the scope of business ethics, namely (Kowalczyk 2009):

- Problems of work, and in particular the relationship between management and employees, as well as relations between themselves subordinates. This group covers issues related to the problems of exploitation of workers, unequal treatment, refer to them objectively;
- Ethical issues relating to advertising and promotion - advertising inconsistent with the quality of the offered services or products, actions unlawful manipulation of emotionally focused on the recipient, not the rationality of receipt. The difficulty of the problem lies in the fact that even the existence of laws that prohibit the use of false information in advertisements, in practice, does not cause any sanctions;
- Ethics in competitive activities, covering such issues as: bribery, spreading false information about the competitor, building a bad image in the media, copy the products of other manufacturers, the violation of the rights to the trademark.

In the literature you can find out the opinions of encouraging the development of the organization's code of ethics in order to reduce costs and thus generate profits. Here are some of them (Grudzewski, Sankowska, Wańtuchowicz 2009):

- To reduce or even prevent the onset of unfair behavior (lying, corruption, embezzlement)
- Reducing the number of situations in which there is a conflict of interest,
- Increasing the credibility of the organization's members,

- Increasing the loyalty of his subordinates,
- An increase in the improvement of the organization's reputation.

It is worth noting that the very development of the organization's code of ethics does not constitute any guarantee that it will immediately take ethical action. Note, however, that the ethical organization is one where employees respect and act in accordance with moral principles, it is also investing in its employees, which includes even such activities as clearly defined path of development, keeping promises made, the proper relationship between employees decent wages for work. For an organization to function properly, ethics should be entered into a business and find confirmation in daily practice, because in the context of long-term development of the company, only the company's ethical behavior becomes profitable (Kowalczyk 2010).

Based on the principles of the activities of the organization of ethical conduct should place emphasis on the adoption of such standards, which will contribute to the exclusion of two major, yet easily visible and dangerous phenomena, namely:

- Bad labor relations, which can be observed among the companies that are oriented for a quick profit with little effort. Organizations seeking to achieve this objective approach to employees as an object;
- Unfair treatment of customers and other counterparties revealing the following procedures: failure to provide customers with full information regarding the characteristics of products or services, in particular regarding defects, rude customer service, lack of constructive conflict resolution skills especially when reported by the customer complaints, lack of deadlines for their completion.

#### **4. STANDARDS OF CORPORATE SOCIAL RESPONSIBILITY**

Countering threats listed above can be used in any industry application standards SA 8000. Some of the principles underlying the standard SA 8000 result from the conventions of the International Labour Organization - ILO. This organization is considered to be the oldest UN agency, which is a tripartite structure. It includes trade unions, employers' organization, a government organization. During the preparation of the SA 8000 standard benefited from the findings of the Declaration of Human Rights and the UN Convention. referring to the Rights of the Child. SA8000 standard encompasses the following issues concerning the management of the organization: work performed by children, forced labor, health and safety, freedom of association and the right to collective bargaining, discrimination, disciplinary action, working hours, compensation, management systems, including policy social responsibility.

SA 8000 standard to resolve the above listed problems based on strict requirements in each area. It should also be noted that each of the organizations operating in the market, in order to take on the satisfactory position must meet most of the requirements of this standard. Otherwise, you may be doomed to exclusion from the market. Application of this standard in practice is clearly specifying the responsibilities and powers at every level of management (Kowalczyk 2010).

Another example of the standards emphasizing the importance of stakeholders for the organization is ISO 26000. To draw attention to their unique role in the activity of the company is considered to take into account in the definition of social responsibility interpreted as Responsibility for decisions and actions that impact on society and the environment, carried out on the basis of transparent and ethical behavior. It is assumed that you will be focused on sustainable development, social welfare, while paying attention to the preferences of stakeholders consistent with applicable law and standards of behavior of an international respected in the activities.

Answering the question of how to manage relationships with stakeholders should also refer to the AA 1000. These include three basic principles upon which stakeholders can engage in the activities of the organization. These include rules such as (ISO/WD 26000 Guidance on Social Responsibility):

- Turn - in line with the principle of sustainable development, stakeholders should be involved in the activities of the organization. The company respects their needs and expectations;
- Significance - the need to identify and clarify important issues from the point of view of the organization and stakeholders;

- Answering. - According to her organization accepts responsibility for the issues raised by the company's stakeholders

AA1000 standard encompasses two issues, namely the involvement of stakeholders and verify the activities of the organization and the credibility of social report. These standards clearly emphasize that the stakeholders have the right to present their views executives on the tasks they have adopted for the implementation. In addition, the standards indicate the need to develop the rules of communication with stakeholders in order to guarantee them the opportunity to participate in the management of the company and to respond to problems. As a starting point to shape the desired relations with stakeholders recognizes the principle of inclusivity, understood as the inclusion of stakeholders in the implementation of the strategy chosen by the organization that runs development in a sustainable and socially responsible. According to this principle, the organization takes responsibility for the results of their activity before stakeholders and allows them to participate in finding solutions to the problems associated with these activities (Wachowiak 2012).

## 5. STAGES AND RELATIONSHIP MANAGEMENT TOOLS WITH STAKEHOLDERS

Stakeholder relationship management requires consideration of the process of identifying groups of interest. This stage comes down to isolate those groups that have an interest in working with the organization. This is an analysis of three groups of key issues:

- Interest groups - who are interested in the activities of the organization, how they perceive the company in question,
- Values of the stakeholders,
- Social issues, which of them will be affected over the next 10 years at the company and stakeholders.

Given the detailed analysis of the stakeholders to be assessed the following elements (Marcinkowska 2011):

- The power of the stakeholders - the basis for its consideration: in relation to domestic interest groups (position in the hierarchy, the impact on others, control of resources, control of the work environment), with respect to outside interests (resource dependency, commitment to internal processes, knowledge and skills);
- The predictability of their reactions and actions;
- Showing interest in the affairs of the organization

In order to precisely determine who among the stakeholders can be extremely important and useful for the organization uses the mapping of stakeholders. With this tool, the division is made according to the criteria assuming the nature of the relationship - positive (funders), neutral or negative (competitors), relevance (in foreground, secondary-plan).

It can therefore be seen that the mapping of stakeholders is an extremely valuable way of sustaining servant relationship management and deepening existing or establish new, depending on whether the specified group is essential for the organization. During the practical application of this tool often seen that the structure of relationships in the organization turns out to be complex. The result is to reveal the dynamic nature of the relationship with the environment and the diverse roles they take on the individuals. Produces an image of the forces, considered essential for the functioning of the organization (SWISS Contribution Parp).

Building a good relationship with stakeholders organization can reduce the risk of conflict with various stakeholder groups. Thus, in the search for effective ways of ensuring the development of positive relationships with stakeholders, it is important to care for the preservation of relationships among small, representative groups.

In the era of the universality of the Internet, there is nothing in the way to be able to conduct a dialogue on important topics. However, the Internet should not be considered as an irreplaceable instrument for

dialogue with stakeholders. Today, organizations pay particular attention to the direct meetings during which there is an opportunity to build consensus. On the one hand, it boils down to listen to different opinions and expectations. On the other hand, to present their point of view on the matter. After this process, called identifying and acceptance by stakeholders indicators for monitoring adopted to implement jointly formulated vision for the development takes you to the stage of intensive work for the commitments that should result in their execution.

A key element of building relationships with stakeholders is demonstrating achievements. This is a good time to talk and explain. Favored by thematic reports, which are reflected in the results of the work. Reports shall be subject to verification by experts on the implementation of the strategy and their achievements and communicated to stakeholders in an open manner.

Forming relationships with stakeholders boils down to many activities. They should not be limited only to the activities of the organization to interest groups. It turns out that the organizations have begun to make demands own environment. Expectations are the following organizations posed to the different groups of stakeholders (Majchrzak 2015):

- Investors - capital growth, long-term commitment,
- Consumers - loyalty, support, response to the actions,
- Staff - loyalty, professionalism, motivation, flexibility, reliability, knowledge and skills, mentoring, volunteering,
- Suppliers - indisputability in relation to the regulations, complete solutions, integration,
- Regulators - the consistency of regulation in different markets, informal advice, early involvement, the creation of regulations, licensing,
- Communities - qualified resources, support, integration, grants,
- Journalists - fair treatment,
- Pressure groups - closer cooperation, participation in research, Co-branding,
- Partners, allies - the interplay sale, development, participation in the costs.

Taking into account the above factors in the strategy of the organization enables the relevant interest groups in the activities of organizations which results in its market advantage. But we must remember to use the potential of the stakeholders in the implementation stage social responsibility activities to increase the transparency of the company and the long-term development of relations with stakeholders which will result in the company's development in a sustainable way.

## 6. CONCLUSION

Literature of corporate social responsibility highlights the need to effectively manage relationships with stakeholders, respect their needs and responsible treatment by the organization. These issues are particularly relevant in the context of the strategic management of the organization. It is worth emphasizing that it is necessary to demonstrate the integrity and accountability by all parties involved in the process of interaction.

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