A Stakeholder Approach to Social Responsibility
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Abstract
Corporate Social Responsibility (CSR) is based on the fundamental principle of recognizing and addressing any company’s responsibilities to its stakeholders. Stakeholders include investors, customers, employees, business partners, local communities, the environment and society. CSR and a stakeholder approach are very important concepts when examining the role of a business in society, but their relationship has been studied and debated for decades. The concept of CSR (and its implications for society) is still evolving and a matter of debate. This article provides an overview of the existing stakeholder approach to social responsibility: it examines the challenges and implications of the stakeholder approach in relation to CSR research.

Key words: Business, CSR, Control, Relationship, Stakeholder

A STAKEHOLDER APPROACH TO SOCIAL RESPONSIBILITY
Stakeholders are groups who have an interest, a stake in or a claim on the relevant business operation. Management plays an agent role for these groups. The characteristics of the power and authority of corporate social responsibility (CSR) relate to stakeholder theory in which businesses and their executives should efficiently and successfully manage their stakeholder (both primary and secondary) value by presenting a clear and more innovative context of organizations to the maximum level through complete mobility and effective transformation (Freeman and Velamuri, 2008). Stakeholders include individuals such as investors, customers, employees and business partners; clusters such as local communities; and establishments that indicate interest in the movements and undertakings of businesses and their manifest abilities to influence those involved parties. Stakeholders’ strategy practically and logically asserts the concerns of executives and demonstrates considerable interest and responsibilities in the business operation with regard to advertising and promotion, management of resources, community relationships, and politics.

CSR relationships with various stakeholders take on an integrative stance that assumes there is an effective organizational approach towards internal relationships in which the plurality of consensus among key stakeholders must be completely understood (Greenwood and Van Buren, 2010). For example, by evaluating the potential of all stakeholders to cooperate with and challenge the organization, the executives may recognize marginal as well as supportive stakeholders. This comes with an overarching approach or method to transform relationships between stakeholders in line with considerate and friendly stakeholder influences (Greenwood and Van Buren, 2010). Furthermore, the CSR relationship of businesses with stakeholders is reported as being extreme favorable to engagement with stakeholders and how it is performed. The latter includes timely and appropriate involvement, consistent information and timely response to communication on salient plans, all of which are excellent external grounds for a mature stakeholder connection across the industry (Greenwood and Van Buren, 2010). Accordingly, CSR-grounded stakeholders assert a favorable engagement of stakeholder interest through an ideal organizational context and maximize the value of stakeholders within the modern management of business and its counterparts (Greenwood and Van Buren, 2010).

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The influence of stakeholders, recognized through the development of CSR philosophies, has been increasing in contemporary times. This influence strikes various phases in determining and knowing how organizations function while respecting and acknowledging the influences and connections that exist within the organizational setting and background (Cennamo, Berrone and Gomez-Mejia, 2009). Stakeholder influence is concentrated on linkages among specific stakeholders as well as to organization systems and designs that are dyadic in nature. Within the theory on stakeholder influence, this connection is socially inclined as this theory has been generated, for example, in relation to the accommodation of numerous demands from stakeholders who are interdependent. This theory, in turn, determines or recognizes how an organization responds to the spontaneous and non-stop influences of various stakeholders (Cennamo et al., 2009).

In practical terms, CSR’s competitive landscape is coordinated with theories of engagement. This includes theories concerned with the stakeholder environment from within relationships in which businesses control the methods and outcomes for stakeholders’ decision making by prioritizing the business management interests in motivational approaches along with business performance. The competitive landscape likewise enables individuals to point out those systems or schemes of management that are being shaped by shareholder value as well as rational choices for increasing the efficiency of designs and systems (Waddock and McIntosh, 2009).

For valuable CSR opportunities, the collaboration of stakeholders is considered in which processes are coordinated, thus supporting the numerous ways that an effective partnership actions the strategies needed to increase the outcome for stakeholders. This partnership adheres to the functions, as well as the positions and interests, of the numerous stakeholder parties involved, such as business executives and customers (Phillips, 2003). In addition, there has been improved performance in increasing awareness upon the presentation of effective stakeholder interest for and within the organization. For example, some executives are more conscious of the principles of successful stakeholder interest as stakeholders may discuss cultural shifts which reflect an inclusive and open strategy towards external relationships. This strategy is concerned with assumptions about stakeholders’ internal relationship by considering an engagement that is effectively positioned with strategic importance and essentiality through a much more obvious concentration within organizations (Greenwood, 2006). Certainly, the challenges and performance improvement in shaping the stakeholder influence maintain a process that assists a variety of stakeholders and their interests, including those connected to private as well as public organizations, and individuals as well as societies. The latter promote the development of understanding about challenges and matters that are elaborated and entangled in stakeholder philosophy when seeking to achieve objectives and intentions within various scales of interest (Tilley, 2009).

The CSR engagement of stakeholder philosophies can be labelled as a development in which contributors eagerly change their straightforward corporate practices with a determination to decrease repetition and excess while enabling enhanced presentation (Amaldoss and Staelin, 2010). Major stakeholders have to be reinforced by decision-making leadership and further shaped by the subordinate administration at the uppermost, command level. This solid connection can also be described as the international strategic association for attaining the successful execution of strategic plans (Lavie and Rosenkopf, 2006).

Control for the interests of stakeholders can predominantly be regarded as crucial for effective stakeholder management and its underlying performance within the global context of interaction and communication with various alliances or groups. This works best if performance improvements are duly recognized and executed appropriately thus creating a competitive landscape within internal and external relationships. In turn, this requires every single stakeholder to share certain control that introduces dimensions within the stakeholder process (Miller, Li, Eden and Hitt, 2008).

Value-based CSR through stakeholder influence has created numerous modern and innovative advances in determining who the stakeholders are and what they want. This is achieved by recognizing certain stakeholder attributes and the stakeholder relationship within businesses. It also increases the application of stakeholder philosophies by classifying businesses as a positive competitive landscape governed by primary stakeholders and their interests in addition to empowerment that shapes the organization.
designs and systems through vibrant stakeholder performance and engagement that has value (Noland and Phillips, 2010). Similarly, in practical terms, stakeholders of businesses generate alliances with various resources, machinery, and skills (Luo, Shenkar and Gurnani, 2008). Thus, in terms of stakeholder value maximization, the integrity and ethics of a possible strategic partner are important through creating critical choices and supporting the image of a business, for example, by being a leader in innovation and presenting a practical competitive advantage. Therefore, knowledge-sharing control can contribute positively to the operations of international strategic alliances wherein ownership contributions could lead to an upsurge in risks from the various control segments that will potentially open up or trigger problems affecting the integration of the strategic alliance (Lyles and Gudergan, 2005). This then affects the business culture wherein trust and confidence are tested within the stakeholder collaboration (Luo et al., 2008). Certainly, stakeholder engagement has emerged as being progressively significant for an organization’s concentration of opportunity relative to stakeholder performance (Roy and Oliver, 2009).

Indeed, recognizing the interests of stakeholders is becoming an essential practice of corporate activity in numerous businesses, predominantly in terms of understanding the recognition with which businesses are continuously contending on a global basis. Nevertheless, through strategic associations, businesses can develop their competitive standing, gain admission to innovative marketplaces, and increase their critical abilities, as well as sharing the risk and challenge of their foremost expansion schemes. As a result, today’s stakeholder interests allow various businesses to go further than simply following working procedures, problem solving, and random modernization. In their place, businesses can concentrate on exploration and imagination, and on envisioning novel potential and diverse behaviours for gazing at the biosphere. A competitive stakeholder landscape presents idiosyncratic capabilities and administrative aptitudes to use for leveraging, reinforcement, and spreading these capabilities in order to modernize stakeholder involvement within the assistance of industry partners.

REFERENCES

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