STAKEHOLDER POWER-INTEREST MATRIX AND STAKEHOLDER-RESPONSIBILITY MATRIX IN CORPORATE SOCIAL RESPONSIBILITY

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Abstract

Globalization brings to the business environment and competition lots of new changes and challenges. One of these factors is also corporate social responsibility that represents an inescapable fact in the business environment. The role of any business in society and relationships between organization and society can be examined by the corporate social responsibility and stakeholder approach. Successful corporate social responsibility programs reflect stakeholder preferences and expectations regarding the corporate behavior. This article focuses on the connection between stakeholders and corporate social responsibility. Based on the author research the key stakeholder groups for corporate social responsibility for selected organizations and the most frequent dimensions of corporate social responsibility for these groups were identified. The author research conducted on 100 business entities was based on the stakeholder power-interest matrix used for mapping and identification of key stakeholders in corporate social responsibility and stakeholder-responsibility matrix used for identification of dimensions of corporate social responsibility for selected stakeholders groups. Based on the author research six key stakeholder groups for corporate social responsibility of organizations participating in author's research and three most frequent dimension of corporate social responsibility were specified.

Key words: corporate social responsibility, stakeholder, stakeholder-responsibility matrix, stakeholder power-interest matrix

JEL Code: M14, M19

Introduction

During last decades there has been an increasing focus by corporation on corporate social responsibility. Corporate social responsibility (further only CSR) affects the organizations' behavior and perceptions of the organizations by the society and stakeholders.

In spite of the fact that the term CSR may be considered as a new phenomenon in the corporate world, the literature discussed the problem of the CSR for decades. CSR has a really long and varied history that is associated with social behavior of all types of organizations or institutions. The first references of some conception of responsiveness practice and responsibility of companies can be traced to 1920s (Windsor 2001). Bowen is considered as a father of modern conception of CSR (Carroll, 1999). Bowen is author of the conception of CSR as social obligation. This conception was published in 1953. Bowen is considered as a father of modern CSR and Peter Drucker was the first author who connected CSR with public responsibility as an important part of organizations' responsibility and business objectives in his book – The Practice of Management in 1954 (Maignan & Ferrell, 2004). In 1970s Milton Friedman devoted his works to CSR, too. His conception of CSR represents minimalist view of the CSR The 1970s are also connected with early research studies on CSR and authors started to use more terms connected with CSR – for example public responsibility, social action, social responsiveness, social responsibility, etc. In the 1980s Freeman developed a new stakeholder theory that was used for redefinition of CSR (Carroll, 1999).

1   Corporate social responsibility

First of all it is crucial to define the basic terms. There are lots of definitions of CSR in literature. One of the first definition of CSR in business states "CSR refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society (Bowen 2013, p. 6). Business for Social Responsibility defines CSR as "responsibility of decision-makers, to take actions that will not only meet their own interests, but also to the protection and enhancement of public wealth" (Madrakhimova, 2013, p. 114).

The CSR is connected with a large range of ideas and principles concerning business ethics, sustainable development, human rights, environment, corporate governance and working in the community or socially responsible investment (Bolanle, Olanrewaju & Muyideen, 2012).

Different authors distinguish different dimensions of CSR. The main dimensions of CSR are following (Dahlsrud, 2008; Carroll, 1991):

- economic dimension,
- environmental dimension,
- ethical dimension,

- legal dimension,

- philanthropic dimension,

- social dimension,

- stakeholder dimension,

- voluntariness dimension.

1.1 Stakeholders and stakeholder management in CSR

Since this article focuses on the connection between stakeholders and CSR, author has to take into account the definition of CSR from stakeholder's point of view. Authors devoted to the stakeholders and CSR interconnects elements of stakeholder management and CSR. As stated Hillman and Keim "investing in stakeholder relations may lead to customer or supplier loyalty, reduced turnover among employees, or improved firm reputation (Hillman & Keim, 2001, p. 126). Based on the research of Dahlsrud 88% of CSR definitions are connected with stakeholder and social dimension of CSR (Dahlsrud, 2008). Therefore it is necessary to involve the stakeholder theory to the CSR practice.

First alternative models and theories of CSR interconnecting CSR, Corporate Social Performance, stakeholder management and stakeholder theory started to appear in the 1980s (Kakabadse, Rozuel & Lee-Davies , 2005). CSR can be in these cases defined as "an action by a firm, which the firm chooses to take, that substantially affect s an identifiable social stakeholder's welfare" (Manivannan et al. 2013, p. 103). The importance of the role of stakeholders in CSR emphasizes also Carroll that stated "The concept of stakeholder personalises social or societal responsibilities by delineating the specific groups or persons business should consider in its CSR orientation." (Carroll, 1991, p. 43).

There are lots of different types of stakeholders and several definitions of stakeholders, too. The most common definition of stakeholders follows "any group or individual who can affect or is affected by the achievement of an organization's purpose" (Freeman, 2010, p. 53). In practice as well as theory we can find two approaches to stakeholders (Freeman, 2010; Chinyio et al., 2010):

- internal and external stakeholders,

- primary and secondary stakeholders.

Internal and external stakeholders are connected with their involvement in the organizations' activities. Based on the power of importance and influence primary and

secondary stakeholders are distinguished. For the purpose of this article author will divided stakeholder groups into internal and external stakeholder groups.

The most common internal and external stakeholders are summarized in the following table.

Tab. 1: The most important internal and external stakeholder groups

Internal stakeholders	External stakeholders
Owners, customers, employees, shareholders, trade unions, management, board of directors, investors	Competitors, interest groups, government, media, environmentalists, local community, financial community, activist groups, suppliers, trade associations, academic institutions, regulators

Source: (Agle, Mitchel & Sonnenfeld, 1999; Freeman 2010; Chinyio et al., 2010)

2   Author's research

This article analysis first part of results of author's research devoted to the problem of stakeholder management and stakeholder community of organizations. Results analyzed in this article focuses on the connection between stakeholders and CSR. The list of internal and external stakeholders that is summarized in Tab. 1 was used as the basic list of stakeholders in the author's research.

This part of the author's research was performed on the 100 business organizations. The author's research involves two parts:

- identification of stakeholders important for organizations' CSR,
- dimension of CSR concerning these stakeholder groups.

Identification of stakeholder groups that are important for business organizations was based on the:

- professional judgment of business organizations,
- stakeholder power-interest matrix.

Stakeholder power-interest matrix represents matrix with two dimensions – stakeholder's power and stakeholder's interests. This matrix is used for manager decisions making and analyzing of stakeholder community. Based on the power-interest matrix stakeholders are divided into four groups – crowd, subjects, key players and context setters (Olander, & Landin, 2005). The two main dimension of the stakeholder power-interest matrix were rated on a scale 1-9:

- 1 low level of dimension,
- 5 medium level of dimension,
- 9 high level of dimension.

Dimension of CSR concerning selected stakeholder groups were analyzed by the stakeholder-responsibility matrix. The stakeholder-responsibility matrix represents analytical tool to identified selected dimension of CSR with respect to the identified stakeholders (Carroll, 1991).

2.1 Results

First of all respondents were asked to choose ten most important stakeholder groups for their organizations CSR activities from the list of the internal and external stakeholders that were identified on the basis of the literature search (for detail see Tab. 1). Results based on the professional judgment of the respondents are summarized in Tab. 2.

Tab. 2: Stakeholder groups in CSR

Stakeholder group	Frequency (%)	Internal group	External group
Competitors	90		✓
Customers	100	✓	
Employees	100	✓	
Environmentalists	100		✓
Government	100		✓
Interest groups	98		✓
Investors	100	✓	
Local community	98		✓
Owners	95	✓	
Suppliers	90		✓

Source: Author's research

In the second step of the authors research; respondents assigned values of dimensions of the power-interest matrix to each stakeholder group. Based on this values author prepared stakeholder power-interest matrix (for detail see Fig. 1).

Fig. 1: Stakeholder power-interest matrix
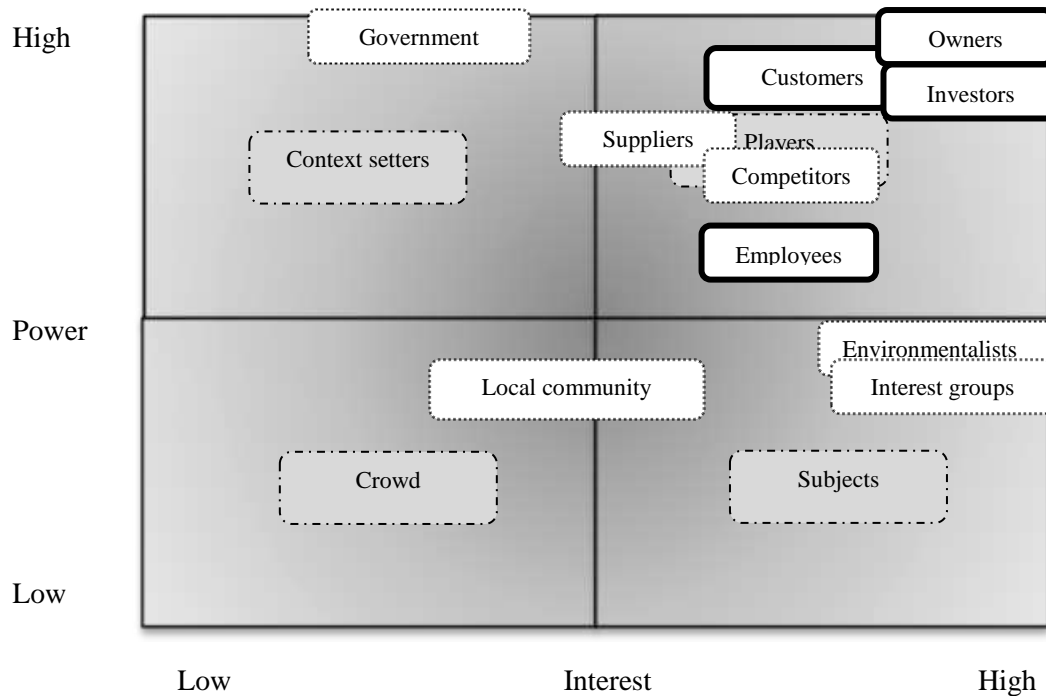
Source: Author's research

Legend: Group of stakeholders in power- interest matrix

Internal stakeholder group

External stakeholder group

As seen from the Fig. 1 the most of the stakeholders that were identified for CSR represents based on the stakeholder power-interest matrix key players with higher level of both dimensions. This group involves owners, investors, customers, competitors, employees and suppliers. In the group of context setters there is only one group – government. Context setters represent a group with a potential to assume a role of the key players. As can be seen from the Fig. 1 government is considered as a group with high power, but lower interest. Subjects are represented by environmentalists and interest groups. Both of these groups have based on the respondents high interest and medium, or little lower power. Local community is the group with medium interest and lower power on the border between crowd and subjects that means that from the respondents' point of view is this group the less important group for organizations' CSR. The most important groups from organizations CSR are the groups of key players and context setters.

And finally it is necessary to identified important dimension of CSR for each identified stakeholder groups. The results are summarized in the following table.

Tab. 3: Stakeholder-responsibility matrix

Stakeholder groups	Dimension						
	Economic	Environmental	Ethical	Legal	Philanthropic	Social	Voluntariness
Competitors	✓		✓	✓			
Customers	✓	✓	✓	✓	✓	✓	✓
Employees	✓		✓	✓	✓	✓	✓
Environmentalists		✓	✓		✓	✓	✓
Government		✓		✓			
Interest groups			✓		✓	✓	✓
Investors	✓		✓	✓			
Local community		✓	✓	✓	✓	✓	✓
Owners	✓		✓	✓			
Suppliers	✓	✓	✓	✓			

Source: Author's research

As we can see from the Tab. 3 the only stakeholder group with all CSR dimensions are customers. There are two stakeholder groups with 6 identified dimensions – employees and local community. In the case of government respondents identified only two – environmental and legal dimension of their CSR. Based on the results resulting from the stakeholder – responsibility matrix the most important dimension of CSR is ethical followed by the legal dimension of CSR.

Conclusion

The CSR has been becoming more and more important for business organizations. On the basis of literature search it was identified that 88% of definition of CSR connect CSR with stakeholders. Therefore the author's research focused on the stakeholders and CSR.

Based on the result of the author research ten most important groups for CSR of business organizations were identified – customers, employees, environmentalist, government, investors, interest groups, local community, owners, suppliers and competitors. These groups were identified on the basis of the professional judgment of the respondents. Since the author's research focuses on the interconnection between CSR and stakeholders and stakeholder theory. For detailed analysis of stakeholders in organizations' CSR the tool of stakeholder mapping – stakeholder power-interest matrix were used. On the basis of the stakeholder power-interest matrix, we can state that the most important stakeholder groups for

CSR are stakeholder groups involved in the group of key players. These stakeholders are stakeholders with high both dimensions – power and interest. For all stakeholder groups the dimensions of CSR were identified by the stakeholder-responsibility matrix.

The interconnection of both matrixes is summarized in the following table (Tab. 4).

Tab. 4: Results for the most important stakeholder groups for organizations CSR

Key stakeholder groups for CSR (based on the power-interest matrix)	Dimension						
	Economic	Environmental	Ethical	Legal	Philanthropic	Social	Voluntariness
Competitors	✓		✓	✓			
Customers	✓	✓	✓	✓	✓	✓	✓
Employees	✓		✓	✓	✓	✓	✓
Investors	✓		✓	✓			
Owners	✓		✓	✓			
Suppliers	✓	✓	✓	✓			

Source: Author's research

Based on the author research it is obvious that the most important groups for CSR are competitors, customers, employees, investors, owners and suppliers. For all of these stakeholder groups respondents identified economic, ethical and legal dimension of CSR.

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