

CORPORATE SOCIAL RESPONSIBILITY

Strategies and Tools for Stakeholders Engagement - The HANDBOOK

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INTRODUCTION

We live in a complex and sophisticated world where competitiveness and sustainability have become critical issues and are a priority among the agendas of private and public organizations. CSR is also part of this agenda as a very particular tool because it depends on a corporate, self-regulated behavior. It has a voluntary character and proactively promotes the public interest, as well as the organizations' plans, where the interests of all stakeholders seem to be protected. CSR can be the missing link between competitiveness and sustainability.

This handbook aims to encourage and disseminate CSR among all organizations, highlighting small and medium companies, who seem to be farther from CSR issues, CSR potential and CSR practices. CSR seeks to help these organizations to integrate CSR in their strategies and in their practices, contributing to a higher performance and a better society.

This handbook is not about CSR underpinnings or ethical dilemmas whatsoever. The main goal is to contribute to a better understanding of CSR boundaries, CSR practices, and the role of the different stakeholders in a very practi-

cal way. It aims to show how to adopt these practices, how to adapt them to different stakeholders, and how to reach a better performance based on their current use.

Likewise, this handbook aims to help in the dissemination of CSR principles and CSR features in order to change the competition rules and to support a new approach to competitiveness. The handbook identifies the agents and the tools available to help with this dissemination and is expected to be a useful dissemination instrument.

The main targets are private companies' managers as well as other public and private organizations and those from the third sector, universities, and the education system in general. In particular, teachers and trainers in graduate or post-graduate programs, will find this to be a useful instrument to support their teaching. Specifically, this handbook is expected to be a guide to:

- Identify the organization's stakeholders and the nature and importance they represent to the organization, from customers to the community;
- Identify and determine the kind of relationships the organizations should develop and maintain with each of their stakeholders;
- Identify how to engage in a relationship with each stakeholder, based on CSR principles and practices;
- Identify the CSR practices that better strengthen these relationships;
- Identify the tools and the mediators best positioned to increase the CSR dissemination.

This handbook has been developed based on the argument that the best contributions that can be given to create a better world are based on voluntarism and self-regulation. Consequently, this handbook determines that CSR is one of the best tools available to combine private and public interests, to help

companies be more competitive and more sustainable, contributing toward a better society and a better world.

We would like to thank our partners for their inspiration and contributions. Additionally, we are grateful to the Portuguese National Agency PROALV - Leonardo da Vinci Programme - for co-funding this project. The results will certainly be an inspiration to the future strategies and practices for the professionals, as we hope they will be for you as well.

Arnaldo Coelho

Economic Business School of University of Coimbra

Summary

In this Part I we started to point that CSR should be integrated in the strategy of the organization and incorporate the engagement of the main stakeholders. In fact, SME and NGOs, despite some lack of resources and sometimes awareness, have some advantages that can facilitate the adoption of CSR strategies.

I.

CRS as a challenge in strategic sustainability

a) What is sustainability and CSR?

The concept of sustainable development means “meeting the needs of the present without compromising the ability of future generations to meet their own needs” (Brundtland Commission Report).

This implies that all the inhabitants of our planet have an active role in this process in an integrated way. Thus, organizations in general and businesses in particular have to face the challenge of sustainability in a strategic and operational way. Corporate social responsibility incorporates the principles of sustainability, thus giving organizations a responsibility in this process as a relevant social actor.

In 2000 in the context of the Lisbon Strategy, the European Council placed the CSR in the context of the new paradigm of economy, innovation, and knowledge. Despite its lack of academic origin, the publishing of the Green Paper on Social Responsibility published by the European Union (2001) was a milestone that has brought some dynamism to the development and recognition of CSR in Europe, not only in business, but also in citizens in general, and also eventually by stimulating the academic outputs.

According to the EU (2001: 4) corporate social responsibility is “a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment **A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis**”. Being socially responsible means not only compliance with all legal obligations, going beyond through increased investment in human capital, environment, and relations with stakehold-

ers and local community (EU, 2001:7).

From an academic standpoint, there were many authors who used the construct proposed by Carroll (1979, 1999). Carroll, in 1979, defined CSR as “incorporating the economic, legal, ethical and discretionary expectations that a society has for organizations in a given period of time.” (Carroll, 1979: 500). The author then considers the existence of four dimensions of CSR:

1. Economic Component – First of all, companies are the basic economic unit in our society. As such, they have a responsibility to produce goods and services that society needs, and then sell them, making a profit. Organizations have to be managed in a way that can be economically sustainable. They have to fulfill their contracts with suppliers in time, they have to pay their employees properly, etc, which can be difficult when they are dealing with financial problems.

2 – Legal Component – In addition to the fact that society expects companies to have profit, it also expects companies obey the law. The law represents the rules by which organizations are expected to work. Compliance with legal requirements is the minimum acceptable in CSR. CSR strategies must go beyond that, as we have seen in the beginning of this chapter.

The other two responsibilities represent the attempt of Carroll to specify the type or nature of the responsibilities that go beyond compliance with the law.

3 - Ethical Component - In later years, Carroll (1981, 1991) focused on the ethical component of CSR, arguing that this has seen a remarkable growth, despite being a gray area. Ethics represents a whole set of moral principles written and unwritten, by which the company operates its nuclear level. It is the soul of the company and its constituent parts. Ethical responsibilities embody those standards, norms, or expectations that reflect a concern for what consumers, employees, shareholders, and the community regard as fair, just, or in keeping with the respect or protection of stakeholders’ moral rights. (<http://www.cbe.wvu.edu/dunn/rprnts.pyramidofcsr.pdf>).

4. Discretionary Component – Finally, what are called discretionary responsibilities. These specific activities are guided by the desire of businesses to achieve social roles not required by law and not expected in an ethical sense, but yet are increasingly strategic, e.g. philanthropic contributions, training of long-term unemployed, providing day care for working mothers, etc.

CSR has an internal and an external dimension. In the internal dimension, the practices of social responsibility apply mainly to workers and relate to issues such as investment in human capital, health, safety, and management, while environmentally responsible practices relate mainly to the management of natural resources used in the production processes.

In the external dimension, the social responsibility of a company goes beyond the company itself and extends to the local community, business partners and suppliers, customers, public authorities, schools and universities, and NGOs that are active in the local communities or the environment. In this sense, ISO26000 adopted a concept of social responsibility, and in that regard, it is the responsibility of the organization by the impact of their decisions and activities on the environment (society and environment), with a transparent and ethical organizational behavior.

b) THE STRATEGIC DIMENSION OF CSR

The sustainability strategy should be integrated into the strategy of the company, other wise failure will be guaranteed.

The relationship between CSR and the competitive strategy of the organizations has been widely discussed among practitioners and academics. Recent studies (Sharp, Zaidman, 2010) defend that organizations must act strategically regarding CSR activities in order to make CSR a source of competitive advantage.

We don't follow the line of Porter and Kramer (2006) that defended that CSR has tendencies to be a strategic philanthropy, as it do not seem to ever

be truly strategic or have effective philanthropy. Some empirical studies carried out in some countries proved that CSR is a substantive strategic activity for the corporation (Sharp, Zaidman, 2010).

Some practical advices to do so (developed and adapting from <http://www.agendasustentavel.com.br>)

1. Formulate a strategy based on sustainability

To be truly effective, sustainability must be included in its business strategy.

2. Consider sustainability in all aspects of business

Sustainability cannot be seen as an area of business isolated in a particular department of the company (Human Resources or Marketing and Communication, for example). To be effective, it must involve all departments of the company genuinely and in a systemic way, and each one should carry out an internal reflection on its main impacts.

3. Give the example

The company's leaders must believe in what they asking of their employees and other stakeholders and lead by example daily in a formal and informal way.

4. Create an interdepartmental group with responsibility and autonomy

As mentioned previously, the issues related to CSR should not be monopolized in a single department. The organization must create a group in which elements from the top management belong and within which the strategy for organizational sustainability will be discussed and developed.

5. Stakeholders Engagement - It is crucial to really know the impacts and expectations from the stakeholders point of view. Later in the next chapters you can learn more about this topic.

6. Join the networks available in your country.

The relations of partnership and knowledge exchange should be encouraged in order to share experiences and resources. There are various

networks and entities for free share experiences and knowledge. In recent years, the collection and dissemination of good practices that can serve as guidelines for the operationalization of strategies for social responsibility have also been encouraged

7. Incorporating sustainability in the vision and mission statement of the organization.

The mission and vision of an organization should include values or principles to ensure the centrality of sustainability, so that the organization is publicly recognized, both internally and externally, as a sustainable company.

Ex: - “Our mission is to meet the actual requirements of different types of customers / markets for the total satisfaction and loyalty of our customers through a sustainable business model that generates social capital, thereby contributing to the development of integrated community” (Delta company from Portugal)

8. Communicate, communicate, and communicate (in a socially responsible way) in a differentiated way according to the different needs of the stakeholders. The communication of good practices of social responsibility encourages other best practices from other market players forming a virtuous cycle that facilitates the sustainable development of our society. This shall be done internally and externally so that the awareness can grow.

c) AND WHAT ABOUT SME AND ORGANIZATIONS OF 3RD SECTOR? IS THIS FOR THEM TOO?

In fact, the corporate social responsibility started with the bigger companies in a strategic way.

The scope of CSR application, according to what is stated in the Green Paper from the European Community, can be applied to all types of businesses: public, private, with or without profit.

Only since the beginning of the twenty-first century did some political, social and economic pressures for SMEs to integrate sustainability into their

business strategy develop. In political terms, we assisted in EU to develop a set of guidelines for funding to stimulate this bet.

The reality of SMEs is substantially different from big companies. We are talking about significant difficulties for SMEs in the operationalization of CSR strategies such as lack of resources (human, financial, organizational) and, in many cases, lack of awareness of sustainability.

But **SMEs and NGOs** also have some **potentialities** that help in the adoption of CSR practices, such as:

- They are flexible and adaptable and can quickly respond to varying circumstances.
- They are often creative and innovative
- Increased closeness between owner and organizational structure, and easy influence of the organizational culture, introducing the CSR transversely
- Greater proximity and involvement with the local community.

(adapted from Silva et al, 2008)

“As such, we must examine the specificity of the CSR strategy in SMEs, promoting the exchange and dissemination of good practices, introducing the concept of CSR into SME associations and organizations that support SMEs, facilitating cooperation between large and small businesses, and raising awareness among SMEs regarding the impact of their activities in developing countries.” (www.europa.eu)

In fact, we cannot underestimate the weight that SMEs have in European economies. They typically represent about 95 % of all private sector firms in most modern nations.

The third sector also has grown significantly in all European countries. The reasons for the growing importance of the third sector are economical, demographic, political and ideological. One of the main ideological reasons is

the changing role of the state itself. The political currents of both neo-liberalism imply a reallocation of responsibilities between state and society.

The relevance of the Third Sector is manifested at various levels. First, from the economical point of view, this kind of organizations produces goods and services for the market and presents itself as an important employment sector (European Commission estimates that the Third system gathers approximately 11 million paid jobs in the EU25 (Eurostat, 2010))

We found that currently, the Third Sector operates as a catalyst and partner with companies in their business strategies for social responsibility, which can also fill their need for financing projects and the initiatives arising from their objectives.

According to Nicolau & Simaens (2008), there are four types of CSR related to Social Economy:

- a) Development of social projects with company employees;
- b) Donations
- c) Support for specific projects, and cause-related marketing or social marketing
- d) Cooperative Work between Company - NGO

Apart from this perspective, it should be noted that as NGOs are organizations, and regardless of their social function, they must take a strategic view of corporate social responsibility (see subchapter b - where you can see some of the ways of operationalizing strategies of CSR)

Some advantages of SME and NGO in adaption of CRS strategies:

- Higher motivation of employees and attractiveness for new employees;
- Efficient production due to better skilled staff;
- Superior insight in market preferences and opportunities with the engagement of stakeholders;
- Higher Risk control (environmental accidents, scandals, bad publicity, etc.);
- Partnerships with other sustainable entrepreneurs,
- Business partnerships with global players.
- Better Governance with more efficacy and efficiency;
- Better image and reputation;

(adapted from Crals & Vereek - Sustainable **entrepreneurship in SMEs**

2.

THE INEVITABILITY OF CSR

From the organization's perspective, they are in a context of globalization with an increasing risk (in fact we live in a risk society (Beck, 1999)) and have an the increasing need to innovate and differentiate their products / services from their competitors.

The “Business as usual” is no longer possible.

We are moving towards a new paradigm of understanding - conscious capitalism (Sisodia, 2009). According to this author, a company that practices conscious capitalism demonstrates a balance between profit and social welfare and environmental issues, taking into account all stakeholders, creating value for them, and using creative models of management to do it..

According to Sisodia (2009), we are facing a turning point: companies have to grow a heart and develop a soul.

We argue that, in the present context, companies must move from a paradigm of management that “secrecy is the soul of business,” to one that “soul is the secret of business.”

In today's knowledge of society, organizations are faced with a conscious consumer who responds to their actions and has a lot of information. As a result of the the new technologies (development and proliferation of social networks and power of the media, etc.), consumers can have complete information about what really happens in organizations, and often in real time as well. The media coverage of some financial, social, and environmental scandals, (especially after the 70s, 80 in American society) also explain the profile of more post-materialist, informed, and attentive consumers. We witnessed a gradual empowerment of

consumers (Shaw et al, 2006).

As the consumer becomes aware of the organization's reputation, he develops a sense of trust that the organization will maintain certain standards of quality as a way to maintain that same reputation reached (Choi et al, 2007). This reliance gives legitimacy to the organizations to take risks in various ways (e.g. creating new products and services).

From the scope of society, we have been witnessing a change of social values that is fundamental to explain the increase in potentially socially responsible consumers, Inglehart (1977) distinguishes two types of social values:

- **Materialistic Values** are those associated with satisfaction of basic and elementary needs, economic well-being, and social cohesion. Other later studies called them economic values (cf. www.worldvaluesurvey.com). These are typical values of societies in the process of economic growth. The society "creates" a sense of happiness associated with the consumption of products / services, and individuals seek to achieve a social and economic status through this consumption.
- **The post-materialist values or expressive** - include new social and individual concerns: aesthetic, intellectual, quality of life, involvement in decision-making processes, and equal opportunities. The brands must reproduce the character and beliefs of individuals. "The economy Starbucks replaces the Ford economy" (Penn, 2007). Consumers want to be heard and are increasingly called upon to participate actively in building brands (pro-Consumers).

From the 2nd World War, the post-materialistic values were imposed in developed countries. According to Inglehart, post-materialist values are more significant in developed countries and in individuals with higher education levels.

Another concomitant factor with this change in the pattern of social values is related to the development of so-called consumerism (refers to social groups, institutions and individuals seeking to assert the legitimate rights of consumers,

improve quality of life and renew the system of social values) (Miles, 1998).

The consumerism manifests itself through bodies and institutes which benefit from consumers (e.g. consumer protection associations, unions, consumer cooperatives, etc.) and it reflects the progressive takeover of consumers.

According to Choi et al. (2007: 18):

“Consumer confidence allows an organization to take risks that are fundamental to innovation, productivity and competitiveness. In the knowledge-based society of the XXI century the incredible nature of intangible and tacit knowledge of the resource requires a greater level of understanding between consumers and organizations, taking into account the welfare of both consumers and organizations.”

Consequently, beyond any discourse pro-ethical in business, consumer perceptions about problems of the social responsibility of a business can be extremely harmful to profits and market share of the company (Lamberti & Lettieri, 2009)....

3.

THE INEVITABILITY OF CSR

To introduce the importance of stakeholders in CSR strategies, we first must explain the concept of stakeholders.

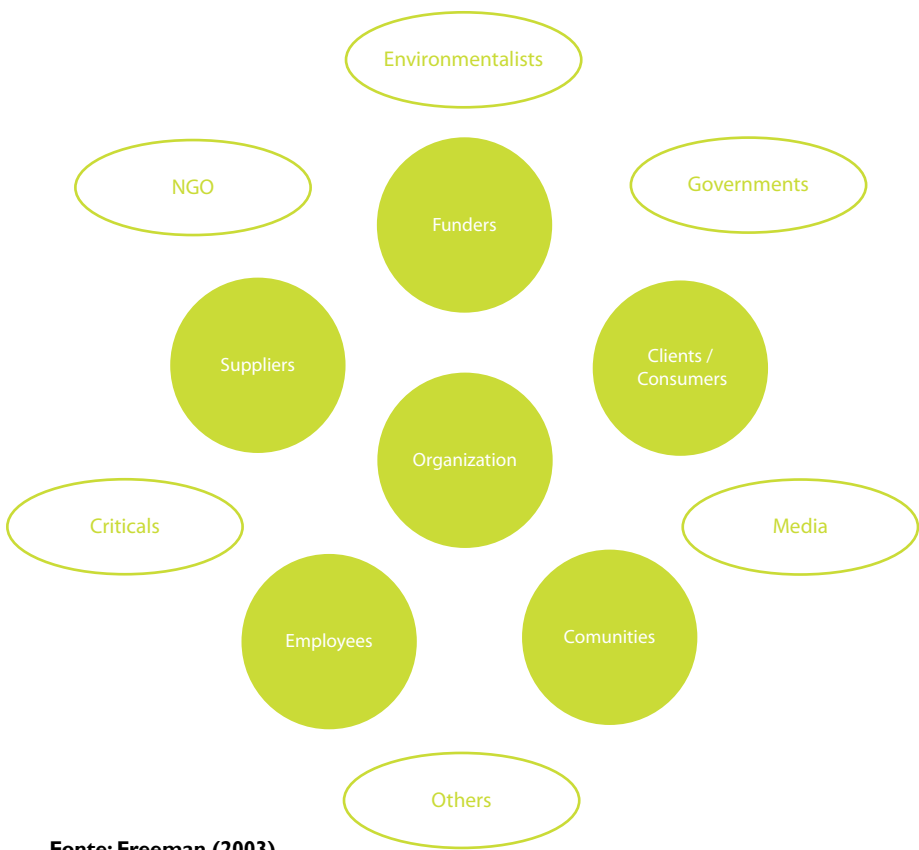
The most consensual theoretical model was proposed by Freeman (1984). This author argues that this paradigm reflects the understanding of organizations as being fully part of a wider society. According to him, “stakeholders are any group or individual who can affect or be affected by the company’s objectives” (Freeman, 1984: 25).

Until now the vision of enterprises was based on an inter-relationship between four entities: shareholders, customers, employees, and suppliers (Freeman,

1984: 6). What Freeman (1984) has changed was the broader vision of who may be the stakeholders of the company. Progressively, the author gradually redefines the model. Initially it begins with eleven stakeholders, which included Shareholders / Directors; consumer associations; Customers; Competitors; Media; Employees; Trade Associations; Environmentalists; Suppliers; Governments.

In a more recent version, Freeman (2003) reduced the scheme to five internal stakeholders: funders, clients, suppliers, employees and community, and introduced six external stakeholders: governments, environmentalists, NGOs, critics, media, and others.

The theory of stakeholder's model by Freema



Fonte: Freeman (2003)

Funders/Shareholders – These are a very important stakeholder and traditionally the only one that were listening to the organizations' expectations. A past strongly linked to an excessive emphasis on this stakeholder led to a neglect of the importance of other key stakeholders. They want financial maximization of their investments. In the past, they were very focused in financial matters. In recent years, due to the reasons already mentioned initially, they have been dealing with a more systemic view of their business, incorporating sustainability into their investment decisions (as we can see the growing importance of the indexes of socially responsible investing).

Suppliers – The suppliers are the external stakeholders which are vital for the success of the organization. We had noticed some scandals from bad practices of suppliers caused by lack of control of the production process (e.g. the case of Nike). It is therefore important that companies make a careful selection of suppliers according to some criteria which should be about, not only the price factor, but also to sustainability practices. Companies must keep tight control and a constant dialogue in order to avoid mismatches between what was promised and the reality. We started really seeing SMEs have a greater need to demonstrate their sustainability strategies and practices as a guarantee of commercial relationships with large companies that seek to assert themselves as socially responsible.

Communities – here, we are essentially talking about local communities where companies are located or where any of its partners are. We know clearly that they can be a very important vehicle for local economic development (e.g., create jobs, stimulate consumption). Also important is retaining its role in boosting social dynamics of these communities. When companies are open to communities, they offer, for instance, training, support activities and local events, and also receive an offsetting increase in credibility and confidence that will be important for sustainable management. Ouvir

Employees – We know that a company with motivated and satisfied employees produces best results. Employees are the main internal stakeholders of an organization and throughout the history of business management, companies

realized that they must integrate their voices in business. Now we see many rankings with the best companies to work for (i.e. Great Places to Work). “Good companies attract good employees”.

Clients/Consumers – The importance assumed by this group of current stakeholders has been adequately explained. Companies have realized that they have to hear their expectations and they cannot keep their autistic view of the business. There are some studies showing that there is a relationship between social responsibility and consumer confidence (Swaene, 2001), so CSR is a very important matter to gain confidence and reputation. However, as we mentioned before, they cannot try to transform CSR as only a communication instrument. Consumers are very watchful about companies’ activities.

More recently, Fassin (2009) puts forward an alternative model, including concepts such as:

- **Stakeholders:** The real stakeholders.

- **Stakewatchers:** pressure groups that influence the organization and which protect the interests of real stakeholders. (E.g. consumer associations, unions, activists who protect the environment or communities).

- **Stakekeepers** (regulators that require external control and settings). They impose rules and constraints as the company has little direct impact on them reciprocal. The author calls them stakekeepers in analogy with the term gatekeeper, which means a type of outside and independent monitor with the power to screen out ,or at least assess or classify, persons or entities that scrutinizes. (Ex: governments, courts, regulators, certification organizations, independent laboratories and the media)

“The stakeholder who holds a stake, the stakewatcher who watches the stake and the stakekeeper who keeps the stake” (Fassin, 2009: 128)

One of the many criticisms to this model is that in a context of globalization and technological development, virtually anyone can be affected or affect decisions and actions of a company. Consequently, virtually all should be considered as stakeholders. In this sense, several authors tried to find criteria for identifying and classifying stakeholders.

The literature contains many attempts to classify the stakeholders using various criteria: primary versus secondary, direct and indirect, generic versus specific, legitimate versus secondary, etc..

Sen et al (2006) presented the idea of multiple-stakeholder relationships by stating that individuals who maintain multiple simultaneous relationships with business stakeholders may react to CSR initiatives not only buying more products, but also boosting other stakeholders' behaviors, such as seeking employment or investment in the company. (This certainly seems to announce the upcoming models of stakeholder theory, moving to address the network of relationships and multi-stakeholder inter-relationships).

Another interesting approach, complementary to the above is stated by Morsing & Schultz (2006). According to these authors, in recent years, the theory of stakeholders has developed a focus on the importance of involving stakeholders in creating long term value. But the emphasis now moves from focus on stakeholder management to a focus on the interaction that companies have with stakeholders based on a relational view-oriented process (Andriof & Waddock, 2002). This implies an increasing interest in understanding how we can manage not only the stakeholders but the relationships between them (Morsing and Schultz, 2006).

The relationship with stakeholders is based in interactive relationships, mutually committed and responsible, that set the context of modern management and create the basis for transparency and accountability (Andriof et al, 2002). The essence of dialogue is the co-creation of shared understanding by the company and stakeholders.

The prospect of managing relationships is not easy, and Fairbrass and O’Riordan (2008) report that these difficulties are due to issues such as:

- Divergent and often conflicting expectations among stakeholders (Murray and Vogel, 1997)
- Contextual complexities that are increasingly complicated by the variations of interpretations resulting from different geographic regions and cultures;
- The challenge of identifying what should be considered good practice in relation to the strategy of dialogue with stakeholders.

Other authors who try to understand how to enhance the relationship between company and stakeholders were Bhattacharya, Korschun e Sen (2009).

The nature of the stakeholder-company relationship is determined by the benefit that comes to individuals or organizations.

It is important to note that what constitutes a benefit for one stakeholder may add little value to others, and in some cases, the reward of a stakeholder may conflict with the interests of other stakeholders

Despite the very psychological aspect of this approach, it does have plenty of interesting points.

When the stakeholders learn about or participate in social responsibility initiatives backed by the organization, the bonds of relationship between stakeholders and organization are tightened.

The authors (Bhattacharya et al, 2009) present, at last, some contingency factors in this approach:

Organizational Level –Companies with a higher reputation find more positive effects from social responsibility initiatives, because the ones who have lower reputations could be seen as taking advantage of initiatives to do “green washing”.

The business sector is also an important factor to take into account. Stakeholders are generally more critical of sub-sectors such as tobacco and gasoline, which could reduce both the functional benefits of social responsibility or the assessment of the initiatives by stakeholders. Stakeholders do not assess the social responsibility initiatives in a vacuum; they make comparisons with competitors. (Bhattacharya e Sen, 2004)

The Stakeholder Level – Involve stakeholders' characteristics and individual's level of involvement in social responsibility initiatives. By features of stakeholders we mean, for example, socio-demographic characteristics (e.g. gender and age).

The effects of the initiatives are higher when there is a greater involvement of stakeholders in concrete initiative (Bhattacharya et al. 2007). People who get involved in creating, supporting, and sustaining the social responsibility programs also have a sense of accomplishment, skill development, and identification with others with similar values, which leads to a greater sense of identity and confidence in the company.

It's absolutely crucial that stakeholders have some knowledge about CSR actions (Sen et al, 2006). Familiarity and recognition are particularly generally quite low among stakeholders (Sen et al., 2006).

According to the Accountability Rating 2009 (www.accountabilityrating.com) the accountability of big business is improving. Also big companies now recognize social, environmental, and economic impacts of their activities. In the beginning of the process companies started to focused their reports and actions on environmental issues.

“Stakeholder engagement continues to be the key area where most companies still have a long way to go. While many companies are discussing global issues such as climate change with non-governmental organizations and other stakeholders, few have adopted a systematic approach to engaging with local stakeholders in a manner that is coherent across national boundaries” (www.accountabilityrating.com)

In fact, the stakeholder engagement process is still a challenge for the big

companies, but as we see in the next chapters, SME and ONG can enter this process because of all the advantages that they have. Of course, we see that the lack of resources is difficult, but as we recognize that this is a matter of how we manage, it is not possible to manage the same as we usually do anymore. We have to think strategically involving the main stakeholders so we win time and resources later on. We have to think in a long term way.

Conclusion:

We started defining sustainability and CSR as concepts that have to be seen in an integrative and systemic way. Companies and NGO must deal with sustainability managing economic, legal, ethical, and discretionary components of the business they do. Organizations have to act strategically regarding CSR activities in order to make it a source of competitive vantage and not only a fashion or a communication hit. We advance some practical advices for organizations to implement it. After that we tried to adapt the reality of CSR to SME and NGO. They have some potentialities that help the adoption but simultaneously have some obstacles. In Chapter 2 we present the context (macro-environment) that allows us to speak about the inevitability of CSR. It cannot be a fashion hit for companies because we are in a turning point: Companies have to grow a heart and develop a soul (Sisodia, 2009). Finally, the Chapter 3 is dedicated to stakeholders theory and the role in CSR strategy. In fact we have noticed that stakeholders engagement and satisfaction are critical in successful companies, specially when we live in a hypercompetitive environment. This chapter helps to understand the concept of stakeholders in an academic way and gives us a systemic vision of organizations.

Some Questions to review your Knowledge:

1. What do you mean by CSR?
2. What are the main changes in the organizations that demand CSR Strategy? And what are the main changes in society?
3. Why is the Strategization of CSR important?
4. What are the advantages that SME and NGO have to develop a CRS Strategy?
5. And what are the main obstacles?
6. What is Stakeholders and why is it important for organizations to have strong relations with them in a CSR strategy?

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“Companies are increasingly using stakeholder engagement to help them understand and respond to emerging social and environmental issues. However, engagement often remains disconnected from strategy development and falls short in both , in helping stakeholders judge corporate actions and in helping businesses identify risks and opportunities ahead” (Accountability and Utopies, 2007)

I.

HOW TO CLASSIFY STAKEHOLDERS

There is no universal list of stakeholders for all organizations or even for a single company. Those who affect and are affected depends on the industry, organization, geography, etc. New business strategies and changes in the business environment will often mean a new set of stakeholders. On this fast and constantly changing world, a change in the business environment or a new strategy will often mean a new set of stakeholders.

You can consider a number of different dimensions when identifying stakeholders, namely:

- **Responsibility:** people to whom you have, or in the future may have, legal, financial, and operational responsibilities enshrined in regulations, contracts, policies, or codes of practice.
- **Influence:** people who are, or in future may be, able to influence the ability of your organization to meet its goals – whether their actions are likely to drive or impede your performance. These can include those with informal influence and those with formal decision-making power.
- **Proximity:** the people that your organization interacts with most, including internal stakeholders, those with longstanding relationships, those you depend on in your day-to-day operations, and those living next to your production sites.
- **Dependency:** the people that are most dependent on your organization, for example, employees and their families, customers who are dependent on your products for their safety, livelihood, health or welfare, or suppliers of whom you are a dominant customer.
- **Representation:** the people that are entrusted to represent other in-

dividuals through regulatory structures or culture/tradition; e.g. heads of a local community, trade union representatives, councilors, representatives of membership based organizations, etc. (Accountability, UNEP and Stakeholders Research Associates, 2005).

2.

THE ENGAGEMENT PROCESS

2.1. Why to engage?

Organizations are increasingly considering stakeholders' engagement as an essential practice to identify and manage the response to stakeholders' expectations and also as an important contribution to the business strategy of organizations. Maintaining a close dialogue and establishing open relations with double winners (organization and stakeholder) will strengthen trust, deepen the knowledge of the environment where organizations operate, and ensure a better business risk management, including the maintenance of "social license to operate."

An effective and strategically-aligned stakeholder engagement can:

- Lead to more equitable and sustainable social development by giving those who have a right to be heard the opportunity to be considered in decision-making processes.
- Enable better management of risk and reputation.
- Allow for the pooling of resources (knowledge, people, money, and technology) to solve problems and reach objectives that cannot be reached by single organizations.
- Enable understanding of the complex business environment, including market developments and identification of new strategic opportunities.
- Enable corporations to learn from stakeholders, resulting in product and process improvements.

- Inform, educate and influence stakeholders and the business environment to improve their decision-making and actions that impact on the company and on society.
- Build trust between a company and its stakeholders (Accountability, UNEP and Stakeholders Research Associates, 2005).

Engaging with stakeholders helps organizations deal with concerns, risks, and opportunities, and facilitates the development of more suitable strategies, policies, and plans. It also allows organizations to identify new opportunities, foster innovation, and lead by differentiation. But there are some challenges addressed to an engagement process such as **Time and resource management** - It takes time to develop the degree of understanding that is necessary to create values-based relationships; **Manage expectations** - Stakeholders can have unrealistically high expectations, therefore organizations must be clear on what they can and cannot do, establishing a clear understanding of their roles and responsibilities; **Definition of key stakeholders** - It can be challenging for organizations to identify stakeholders who are representative of common interests; **Identify challenges that make sense in company's context** (Accountability, UNEP and Stakeholders Research Associates, 2005).

It is very important to consider some of these main challenges when developing a stakeholder's engagement process, but, besides that, you should also consider some success factors that can facilitate your engagement process. First you should define your engagement rules and your targets, be focused but also flexible, listen and respect other opinions. Start your process and do not forget to follow-up, to measure your results, and to report.

2.2. What is it engagement?

Engagement is a concept that covers the full range of an organization's efforts to understand and involve stakeholders in its activities and decisions. It's a

continuous process that involves listening, dialogue, and creation of partnerships. Engagement can help organizations meet tactical and strategic needs ranging from gathering information and spotting trends that may impact their activities, to improving transparency and building the trust of the individuals or groups whose support is critical to an organization's long-term success, to sparking the innovation and organizational change needed to meet new challenges and opportunities (Accountability, UNEP and Stakeholders Research Associates, 2005).

You can decide to involve your stakeholder. Depending on the goal, the nature of relationship, etc., you may:

Inform: Make objective information available to help the analysis of problems, alternatives, and/or solutions

Consult: Obtain feedback from stakeholders about analysis alternatives and/or decisions

Involve: Work directly with stakeholder and assure that public issues and concerns are considered in a consistent manner

Collaborate: Share each aspect of decision with stakeholder, including the development of alternatives and identification of preferred solutions

Delegate: Put final decision on stakeholder's hands

There are a wide range of methods and tools available, each with advantages and limitations. Getting it right depends on picking the right combination of approaches and techniques for your particular situation, business, and stakeholders. Figure 3 provides sources for “inspiration” of different engagement approaches based on the nature of the relationship or the level of the engagement, etc.

Figure 3 – Levels of Engagements (Accountability, UNEP and Stakeholders Research Associates, 2005)

Level	Goal	Communication	Nature of relationship	Engagement Approaches
Remain Passive	No goal. No engagement	No active communication	No relationship	Stakeholder concern expressed through protest, letters, media, websites, etc., or pressure on regulatory bodies and other advocacy efforts
Monitor	Monitor stakeholders' views	One-way: stakeholder to company	No relationship	Media and internet tracking; Second-hand reports from other stakeholders possibly via targeted interviews
Inform	Inform or educate stakeholders	One-way: company to stakeholder, there is no invitation to reply	Short or long term relationship with stakeholders. "We will keep you informed"	Bulletins and letters; Brochures, reports and websites; Speeches, conference and public presentations; Open houses and facility tours; Road shows and public displays; Press releases, press conferences, media advertising, lobbying
Transact	Work together in a contractual relationship where one partner directs the objectives and provides funding	Limited two-way: setting and monitoring performance according to terms of contract	Relationship terms set by contractual agreement. "we will provide resources to enable you to do what we agree"	Public Private partnerships' and Private Finance Initiatives, Grant-making, cause related marketing
Consult	Gain information and feedback from stakeholders to inform decisions made internally	Limited two-way: company asks questions and the Stakeholders answer	Short- or long-term involvement. "We will keep you informed, listen to your concerns, consider your insights, and provide feedback on our decision"	Surveys; Focus Groups; Workplace Assessments; One-to-one meetings; Public meetings and workshops; Standing stakeholder advisory forums On-line feedback and discussion
Involve	Work directly with stakeholders to ensure that their concerns are fully understood and considered in decision making	Two-way, or multi-way between company and stakeholders. Learning takes place on both sides. Stakeholders and company take action individually	May be one-off or longer-term engagement. "We will work with you to ensure that our concerns are understood, to Develop alternative proposals and to provide feedback about how stakeholders views influenced the decision making process"	Multi-stakeholder forums; Advisory panels; Consensus building processes; Participatory decision making processes

Level	Goal	Communication	Nature of relationship	Engagement Approaches
Collaborate	Partner with or convene a network of stakeholders to develop mutually agreed solutions and joint plan of action.	Two-way, or multi-way between company/ies and stakeholders. Learning, negotiation, and decision making on both sides. Stakeholders work together to take action.	Long-term. <i>"We will look to you for direct advice and participation in finding and implementing solutions to Shared challenges."</i>	Joint projects, voluntary two-party or multi-stakeholder initiatives, partnerships.
Empower	Delegate decision making on a particular issue to stakeholders	New organizational forms of accountability: stakeholders have formal role in governance of an organization or decisions are delegated out to Stakeholders.	Long-term. <i>"We will implement what you decide."</i>	Integration of Stakeholders into Governance Structure. (eg. As members, shareholders or on particular committees etc.)

There is no single formula to choose the most adequate approach; in each case, it will depend on a number of factors, for example:

- Your strategic engagement objectives
- The current approach to and level of engagement with your stakeholders
- The maturity of the issue

- Your organization and your stakeholders' expectations regarding the outcomes of the engagement
- Available resources (knowledge, human resources, operation capacities, finances, or influence on others) in order to achieve a shared objective
- The magnitude of change that you are seeking and your margins of movement

The first three modes (remain passive, monitor, inform) on *Figure 3*, they are not really engagements process because real engagement is interactive. However, they are often the first steps in a relationship with stakeholders and can lead on to more involved engagement such as consult, involve, etc.

In fact, low level engagements such as monitoring or informing may be considered adequate for solving or addressing minor challenges to stakeholder and corporate behavior and strategy, while engaging at a higher level has the potential to enable bigger changes and transformation, and the solving of more systematic and deep-rooted challenges in managing corporate impacts or sustainability issues. However, this does not mean that, for example, providing information to your stakeholders can not lead to significant changes in your relationship with them and in their behavior. Actually, effective engagements are usually a combination of approaches from different levels, and informing is an essential part of most higher-level engagements like consultation or collaboration. (Accountability, UNEP and Stakeholders Research Associates, 2005). One very important fact is that, if you and your stakeholder want to make a profound transformation, it is very important that you work together closely and make the best use of each other's resources.

2.3. How to engage?

The implementation of a stakeholder's engagement strategy should be based on the following issues (Accountability, 2006):

- Focus on what is important, identifying the critical issues to which the strategy of engagement must respond;
- Long term vision, ensuring temporal consistency in implementing the strategy;
- Transparency, setting out expectations, responses and results, ensuring a smooth and efficient bilateral communication;
- Pro-active, leading the process of involvement in an attitude of anticipation of the initiative;
- Multidisciplinary, involving the areas with greater responsibilities, influence and / or knowledge of most relevant issues;
- Collaboration, by developing partnerships with stakeholders and promoting their participation;
- Global approach with local action, promoting a framework of corporate policies and procedures, adapted involvement to socio-cultural and political regions where the company operates.

Professional experience: the stakeholder engagement is not limited to one more regular or interactive communication, but leads to the acceptance, by organizations, to listen and incorporate in its decisions, opinions, and expectations of others. It is a difficult process and in many cases, organizations do not evaluate the changes that this process might involve sufficiently enough,. So, our first advice is: be aware that when you start this process, organizations are allowing people outside the organization to your Board to evaluate or judge our organization.Are they ready?

Second advice: depending on the size and resources of the organization, there should be a reasonable assessment of the levels of involvement; nothing prevents you from focusing on a small group of stakeholders or on a unique location. It's better to try first, instead of launching an ambitious project that will be too frustrating.

For each engagement, the organization should establish (Accountability, 2006):

- specific engagement objective(s) and scope;
- stakeholder representation (e.g. what stakeholder groups should be included, and at what degree of representation);
- level of engagement (e.g. from the more passive forms such as monitoring and informing, to the more active such as collaborating or empowering);
- engagement medium (e.g. internet, phone, video conference, direct (local) interaction, print, broadcast, or a mixture of any of the above);
- facilitation technique (e.g. facilitated, debated, convened, mediated-binding or non-binding);
- method of engagement (e.g. surveys, focus groups, local representatives, one-to one, online forum, road shows, stakeholder networks, stakeholder panels or committees, public meetings or forums, partnerships including alliances, collaborative projects, initiatives or ventures, or world café). The organization should assess and build on existing engagement mechanisms (e.g. customer hotlines or investor relations meetings).

The organization should make clear to stakeholders when it has no management power or influence over decision-making and, as a result, is unable to respond to their concerns. It also should invite stakeholders to participate in advance and should provide all necessary information, such as information on the engagement framework, process, and the engagement objective(s).

Measuring the effectiveness and quality of the engagement – AA1000 framework

3.1. What is AccountAbility and AA1000?

AccountAbility's mission is to “promote accountability innovations for sustainable development, by bringing collaborative solutions to strategic decision-making”. It is a unique network of leading business, public, and civil institutions working to build and demonstrate the possibilities for tomorrow's global markets and governance through advisory services and thought leadership.

AccountAbility was originally set up in 1997 to provide a home for the profession of CSR experts and specialists, with a focus on standards since. AccountAbility's standards, the AA1000 Series, are principles-based standards that provide the basis for improving the sustainability performance of organizations. They are applicable to organizations of any size and in any region, in any sector, including the public sector and civil society.

AccountAbility's standards include the:

- AA1000 Assurance Standard – first published in 2003, and revised in October 2008 using the first online wiki-process in history.
- AA1000 Stakeholder Standard – first published in 2006, and going into revision in spring 2009 again using a wiki-process.

Drawing on experience and engagement with experts around the world, AccountAbility developed the AA1000 Stakeholder Engagement Manual in partnership with UNEP, which provides a principles-based, open-source framework for quality stakeholder engagement and supports the AA1000APS Principle of Inclusivity. It can be used as a “stand-alone” standard, or as a mechanism to achieve the stakeholder requirements of other standards, including GRI G3 and ISO 26000. The Standard has been designed to be multi-purpose, not just for sustainable development, and can be used by businesses, civil society, public bodies, and multi-stakeholder networks and partnerships.

3.2. AA1000 principles to guarantee stakeholder engagement standards

Following the AA1000 framework all process for stakeholder engagement should follow the principles of materiality, completeness and responsiveness. Besides these three principles all the AA1000 framework is organized around the principle of “inclusivity”: “(...) Striving for inclusivity means that an organization is committed to reflect the views and needs of all Stakeholder groups at all stages of a process. Stakeholder views are obtained through an engagement process that allows them to be expressed without fear or restriction. Inclusivity requires the consideration of ‘voiceless’ stakeholders including future generations and the environment” (Accountability, 2006).

3.2.1. Inclusivity

Is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

An organization will adhere to the principle of inclusivity when:

- *It has made a commitment to be accountable to those on whom it has an impact or who have an impact on it.*
- *It has in place, or has access to, the necessary competencies and resources to operate the process of stakeholder participation.*
- *It has in place a process of stakeholder participation that is applied across the organization (e.g. group and local level), is integrated in the organization, and is ongoing and not ‘one off’.*
- *Identifies, develops, and implements appropriate, robust, and balanced engagement strategies, plans and modes of engagement for stakeholders.*

3.2.2. Materiality

It is determining the relevance and significance of an issue to an organization and its stakeholders. A material issue is an issue that will influence the decisions, actions, and performance of an organization or its stakeholders.

An organization will adhere to the principle of materiality when it:

- *Identifies and fairly represents issues from a wide range of sources including the needs and concerns of stakeholders, societal norms, financial considerations, peer-based norms and policy-based performance and understands their sustainability context.*
- *Evaluates the relevance of the identified sustainability issues based on suitable and explicit criteria that are credible, clear, and understandable as well as replicable and defensible.*
- *Takes into account the changing sustainability context and maturity of issues and concerns.*
- *The materiality determination process results in a comprehensive and balanced understanding and prioritization of its material sustainability issues.*

3.2.3. Completeness

Requires understanding and manage of material impacts and respective stakeholder views, needs, and performance perceptions and expectations.

An organization will adhere to the principle of completeness when it:

- *Understands their impact and what people think of the organization.*
- *Indicates how it seeks to understand its performance and impacts relating to material issues (e.g. why it uses specific indicators, management, and internal assurance processes etc).*

- *Indicates how it has decided which performance aspects to include in its measurement (e.g. activities, products, sites and subsidiaries).*
- *Indicate how it integrates these measures with its core management, governance, and change processes.*
- *Enables stakeholders to interpret the information in ways that are useful for their decision-making (e.g. ensuring accuracy of information).*

3.2.4. Responsiveness

Responsiveness is an organization's response to stakeholder issues that affect its sustainability performance and is realized through decisions, actions, and performance, as well as communication with stakeholders.

An organization will adhere to the principle of responsiveness when:

- *It has in place, or has access to, the necessary competencies and resources to achieve its commitments.*
- *It responds to material issues in a comprehensive and balanced way.*
- *It responds in a way that addresses the needs, concerns, and expectations of stakeholders.*
- *It responds in a timely way.*
- *It has in place a process to communicate with stakeholders.*

When the organization decides to listen to their stakeholders first, it is necessary to reflect on these principles, and if it has the ability to accept them, because the adoption of these principles implies changes in attitude and behavior, is the organization prepared?

3.3.The engagement cycle

The engagement cycle, according to AA1000 framework is composed of 5 different and discrete stages.

- The first Stage is an overall consideration of strategic business objectives and how these relate to stakeholders and specific issues, and how an organization can undertake an initial prioritization of stakeholders and issues for further analysis.
- The second Stage introduces different levels of engagement and guides through an analyze on the existing relationships, available resources and organizational constraints. It also helps to learn more about specific stakeholder's and to decide on what kind of relationship to develop with these stakeholders.
- The third Stage addresses questions of internal and external competencies and capacities to engage, and provides guidance on how to ensure that all parties to an engagement are able to join and take part in it effectively.
- The fourth Stage outlines different engagement techniques, and – building on the previous steps – helps to design an approach that suits the needs of your specific situation.
- The fifth Stage provides a guide on how to follow up on the outputs of engagement, and how to ensure that stakeholders feel assured regarding the quality of your efforts.

Figure 4 – The engagement cycle



3.3.1. Think Strategically

a) Objectives

- Identify the reasons for *stakeholders'* engagement (e.g. Manage risks, develop new approaches, learn more about specific issues, improve relationships, find win-win solutions).
- Provide the basis for stakeholders' engagement as part of company's strategy
- Think strategically and try to answer these fundamental questions :Why do you and your stakeholders want to engage? Who do you need to engage with? About what issues? What do you want to achieve, and how will you know if you are successful?

b) Principles - Materiality

- Is crucial to ensure the identification of material issues and stakeholders.
- The company identifies and considers the most relevant impacts for its

business and strategy, as well as the *stakeholders*’ that are subject to these impacts.

- Besides that, the company identifies and considers the *stakeholders* with considerable potential to influence the organization.

c) Important Steps

- Decide who your stakeholders are.
- Identify and consider strategic engagement risks, opportunities, and objectives.
- Identify your strategic objectives, the underlying issues and how important they seem to different stakeholder groups. Prioritize.
- Important questions: Why engage? What to engage about? Who to engage with?

3.3.2. Analyze and Plan

a) Objectives

- Collect external and internal information about the organization and its stakeholders.
- Define commitments.
- Develop an action plan for engagement based on strategic priorities and present capacities.

c) Important Steps

- Review how the material issues are currently being managed in your organization.

- Benchmarking - learn from other organizations.
- Review the current state of your relationships with your stakeholders.
- Build up a profile of your stakeholders - expectations, influence level, characteristics and preferred approaches to engagement.
- Define what the organization is and is not able to do in relation to material issues and stakeholders expectations: “margins of movement”.
- Develop a strategic engagement plan considering all stakeholder groups you need to engage, also describing the level and what you hope to achieve with the process.

3.3.3. Reinforce engagement capacities

a) Objectives

- Ensure that the organization and its stakeholders have organizational systems and capacities to engage in a productive relationship.
- Review or formalize the commitments.
- Overcome engagement’s obstacles.

b) Principles – Completeness and Responsiveness

- Make sure that the organization and its stakeholders are able to understand stakeholders’ preoccupations and expectations.
- Prepare to respond to expectations and preoccupations adequately.

c) Important Steps

- Consider the strength of your organizational systems and identify gaps.
- Consider the individual skills and capacities needed for engagement and identify areas for improvement.

- Consider the capacities and practical issues of your stakeholders and identify ways to address these.
- Develop and carry out a plan to strengthen the capacities needed to engage effectively.

3.3.4. Structure the process and engage

a) Objective

- Plan and implement engagement processes that respond to stakeholders' expectations and organizational objectives.

b) Principles – Materiality, Completeness and Responsiveness

- This Stage is crucial to ensuring materiality, completeness, and responsiveness to meet the needs of both organization and its stakeholders.

c) Important Steps

- Decide the best way to engage with your stakeholders.
- Design and prepare for the engagement process.
- Engage with your stakeholders.

3.3.5. Act, Review and Report

a) Objective

- Translate the new learning, deals, and insights in actions and make sure that stakeholders understand how the organization performs them.

b) Principles – Responsiveness

- The company commits to respond to material expectations of stakeholders, including the adequate communication of these responses to its

stakeholders.

c) Important Steps

- Develop a plan of action.
- Report back to stakeholders.
- Review the process itself to improve future management.
- Put learning into action.

Figure 6 - The relevance of materiality, completeness, and responsiveness to the five stages of stakeholder's engagement

Stakeholder Engagement Stage					
Stage Principles	Think Strategically	Analyze and Plan	Reinforce Capacities	Engage with stakeholders	Act and Review
Materiality					
Completeness					
Responsiveness					

The involvement of stakeholders is a cyclic process in which we try to add value to our stakeholder and it has different ambitions and scope in each cycle. From Sair da Casca experience it is interesting to note the difficulties encountered, (e.g. lack of time, negative relationship of a group of stakeholders, etc.), because these difficulties may be integrated at a time when the organization evaluates the process and especially when the organization is developing a strategy for a new cycle of involvement. In most cases, the short-term return is related to image and reputation, and the organization feels that the process has created a more sympathetic

relationship with the stakeholder, but it is not visible, just generally a return in terms of economic development or in the processes improvement.

To motivate project teams, you should focus on kick wins, regular dialogue, team building, training, etc. as either the project team and the group of stakeholders feel that these initiatives are creating a closer relationship between them.

Questions

- 1 – Mention 5 dimensions that can be used to classify stakeholders.
- 2 – What can the benefits of an effective engagement process be?
- 3 - Describe what the main challenges addressed to an engagement process can be.
- 4 – What are the principles followed by AA1000 framework?
- 5 - What are the 5 stages of the engagement cycle?

I.

The approach and dialogue with stakeholders: the importance and benefits.

In practice, the stakeholder approach is seen in dialogue with them. Employers are looking for a structured dialogue with agents who have direct or indirect interests in the company. Thus, we can define the contact with the stakeholders as a single-structured dialogue between representatives of the company and the groups involved in order to draw the constellation of interests of the latter and their subjective perception of the company. All this through a discursive process, a priori, does not entail any further commitment on the part of anyone involved.

To ensure the highest degree of effectiveness in this process, it is recommended that company representatives occupy prominent positions in it, so that it is public record that gives a high level of importance to the company. Additionally, we recommend that the dialogue be moderated by an independent external organization, thereby enhancing the objectivity of the process. Note, also, the importance of focusing the dialogue using the following principles: seriousness, sincerity, relegating aspects of marketing and advertising, real listening, finding the “other” and patience with the bizarre.

As explained above, the benefits of dialogue with stakeholders are abundant. Among them we can highlight, for the most relevant, the following:

- Promote understanding of the needs of different stakeholders.
- Recognition of the concerns of the stakeholder and their influence.
- Transfer of interest.
- Conflict Prevention.
- Identification of key issues.

- Leveraging the know-how of the stakeholder.
- Obtaining a sharper analysis of strengths and weaknesses as a result of the involvement of stakeholder, etc.
- Promotes the application of key instruments for dialogue such as Customer Relationship Management (CRM onwards) in enterprises and institutions.
- Incentives for the implementation and development of CRM.
- Involvement of stakeholder in the CRM measures taken by the company.
- Improved public perception of the company as a transparent entity with a positive attitude towards dialogue.
- Avoidance of legal risks and image due to premature contact with stakeholders.
- Improved access to investment capital due to the reduction of uncertainties.
- Proactive conversion of external pressure in an additional internal input of the decision process itself.
- Systematic management of external perceptions.

In summary, the stakeholder approach favors the establishment of communication processes over time, as long as the company interprets the dialogue as an essential element in its strategic policy, beyond a mere communication platform. Properly understood and applied, the near and long-term future will be positively reflected in the profit, a fact that is being increasingly internalized by firms.

2.

The relationship with key Stakeholders.

Having clarified the importance and benefits of the approach and established a continuous dialogue with stakeholders, we now turn to deepen the impact of this dialogue through the study of key stakeholders with whom the company relates. Specifically, the literature identifies 5 major groups of stakeholders (see Figure 1).

Figure 1. Key Stakeholders



2.1. Corporate Social Responsibility and its impact on customers.

In the past three decades, companies and researchers have turned their efforts toward ways of differentiating from the competition. Quality of management systems, product innovation, and process reengineering systems are prominent examples of such efforts. However, these systems have not delivered the expected results, due in large part to their focus on internal management. At present, efforts to achieve sustainable competitive advantages are based on the development of management systems based on customer orientation. Specifically, the goal of the new management systems and business differentiation is to delivering customer value. Authors as relevant in the marketing literature and Zeithaml (1988), Holbrook (1999), and Kotler et al. (2006), identify the delivery of customer value as a key strategic imperative for companies seeking to create sustainable competitive advantages. Now what do we mean by value? How do we create value for the customer? Of the different approaches that have been made from literature regarding concept of perceived value, one of the most accepted is the trade-off between positive and negative aspects developed by Zeithaml (1988). According to this definition, the customer perceived value is the difference between positive and negative values implicit in a purchase decision. Total positive values represent the set of benefits to the customer, while the negative list shows the costs or sacrifices that are incurred. From the field of management, the company must identify the positive and negative factors influencing the process of perception of value of a customer, in order to manage the increasing value of the positive and / or decreasing of the sacrifices.

It is within this new paradigm of managing customer relationships where we can locate the Corporate Social Responsibility as a generator of value to the customer. In particular, socially responsible actions have a key impact on the company's corporate reputation and customer confidence in it. The optimization model for generating customer value requires building a strong, lasting long-term relationship between company and client. The RSC is to acquire a higher level of commitment to customers and society in general, resulting in increased confidence and, therefore, reinforce the positive aspects of the purchase option. Moreover, these options help to reduce the negative aspects, that is, an

increasing number of consumers that criminalize the purchase of products from companies whose practices are irresponsible. Therefore, the implementation of CSR practices will prevent, to a large extent, responsibility for possible situations while helping to establish protocols for crisis situations.

In this line of thought, continuous and transparent dialogue with Stakeholders allows the company to know firsthand what the needs of these groups are and offer a differentiated offering that fully meets their needs and communicates to them, especially the customers, the actions undertaken by the company in CSR. Good communication of actions is fundamental to our business; the customer perceives this as responsible and, therefore, assumes a competitive advantage of the company. This communication process has two levels of perception: the first requires the development of the emotional empathy toward the consumer, and second, the cognitive level based on shared values between company and consumer. It is in this second level where the company should select those matching values demanded by their customers in order to better align their responsible actions. These are positive partnerships between the responsible actions taken by the company, the values required by the customer, and the brand or company name. The company should seek maximum integration between the expectations and social needs of the client, the same values, and social actions developed by the company. In order to integrate these associations in the minds of consumers, reinforcing the company image and relationship. They exist, therefore, to strengthen the company's corporate image through the development of responsible actions to enable better identification of the same customer, thereby becoming a source of differentiation from competition through social values based on brand positioning. Proof of this is that corporate social responsibility in 2009 has been the most influential variable in differentiating the company with a score of 8.5 out of 10 as determined by Merco Enterprises Index (index monitoring of CSR in Spain similarly published by Fortune in the USA). Moreover, according to studies in Spain, 74% of consumers are receptive to messages about social actions by companies, and 59% of these would be willing to change their purchasing behavior based on social variables (Martínez et al., 2006).

In turn, improving the corporate image of the company has a decisive impact on the second variable demanded by the customer base: to build stable and lasting relationships over time. Developing a strong brand, linked to shared

values with clients, makes sure that customers are reflected in it, so they regard the brand as an extension of their own personality. Somehow find their way to endorse the brand. This degree of involvement between consumer and brand is the highest level of relationship any company can aspire to: the customer gets to be considered part of business. The RSC is one of the most important variables for achieving this integration between business and customer. This strong identification between customer and company, according to various studies, results in an improvement in the attitude of customers towards the company, a greater commitment to it, greater satisfaction and customer loyalty, greater intention to purchase, the provision of positive recommendations and greater involvement in the activities offered by the company. So far we have described the influence of CSR on consumers in general. However, we must also remember that there is a new consumer, one referred to “responsible”, which takes into account not only the personal impact of an act of purchase but also the impact of these actions on society. In some ways, the consumer believes that through their purchasing, they can influence change in society. Thus, for this type of consumer, the social motivations are a priority in their hierarchy of shopping. These customers prefer brands that help develop responsible actions to improve society, discarding any that may adversely affect them. This would be the case with the recent example of the oil spill from the BP platform in the Gulf of Mexico. Early market research in Germany reported that since the explosion on 20 April 2010, 44% of German drivers avoid buying fuel from the company and its subsidiary Aral. Their reactions were not so much due to the accident itself, but more to the mismanagement of the incident and the time it took for the executives to react to the accident and provide a definitive solution to the problem.

It has been demonstrated, however, that the implementation of Corporate Social Responsibility strategies currently represents a key variable in customer satisfaction through the added value of these activities. It remains essential to meet the social needs of clients and stakeholders of the company, to which is a prerequisite to establishing direct, transparent open dialogue between company and customers / consumers.

WHIRLPOOL

An example of increased customer loyalty through CSR

An example of this linkage between CSR and competitive advantages is found in the case of Whirlpool, in the words of the director of marketing for the company during a conference in Chicago in 2005: “The appliance market was in the process of maturity long ago. We spent time competing with other brands in the industry on price, quality and innovation, and nobody was able to generate a long-run competitive advantage. In the company, we saw the need to build competitive advantage. Market research showed that customers and the general public were satisfied with the industry, which was very high. However, the levels of loyalty were only 20%. We think this could be the opportunity we were looking for and we started to analyze the loyalty and consumer engagement in order to make a difference. We conducted several focus groups and found that the connection could be established by the development of actions to become more involved with the community, hence a union was born with the NGO Habitat, a place dedicated to providing decent housing for the neediest in the world. At first it seemed that we had nothing in common, but years later we see that the connection with our customers has been strengthened by the communication effort of the alliance between two organizations”. Despite being a long term project, the company established a series of short-term indicators. As a result a significant increase in the levels of commitment to their customers has been detected. Furthermore, the level of loyalty has increased from 15% to 24%.

Source: Martínez et al., (2006)

2.2. Implications of corporate social responsibility on the management of human resources.

In recent years, a significant increase in the importance of human capital in developing the competitiveness of the company has been witnessed. Factors such as globalization, or information technology, and communication have fostered the development of innovation and knowledge as key variables in business competitiveness. Innovation and knowledge are intrinsically linked to the human factor. Gone are the days when competition was based on capital, technology or economies of scale. Nowadays all enterprises have access to these factors, although not all of them have equivalent prepared personal staff which is completely involved with the firm. Managing human resources properly can reduce costs, optimize their potential, and create value for the organization. And it should be stressed, that these stakeholders (employees) are the one closest to the core of the organization.

From the standpoint of corporate social responsibility, proper management of human resources is linked primarily to the alignment of employees with the values of the organization including mission and vision, as well as maximizing their commitment to achieving the objectives of the company. To achieve both objectives, the company responsible should emphasize issues such as (Olcese, Rodriguez and Alfaro, 2008; Navarro, 2008):

- Respect for human rights and full respect of the commitments and legal and contractual provisions set out, thus ensuring decent working conditions to guarantee safe and healthy working conditions and enhance human development and professional workers. It is obvious that any responsible behavior must begin with the completion of the basic rights of workers. Responsible behavior means considering the worker as an essential element of the company and not just a factor or a receiver of instructions and orders. Therefore, it is necessary to pay decent wages, avoid discrimination, respect privacy and honor, train workers, and establish professional development plans. It is important to keep in mind the other aspects not covered as to

avoid monotony or facilitate the autonomy of the worker, such as:

- **Quality of work life.** Compliance with the law and human rights marks the threshold that the company must comply with in relation to its employees. However, the application of the principles of corporate social responsibility implies a continuous improvement of quality of life of workers. Improvements that result in issues such as the implementation of policies that facilitate the reconciliation of work and professional life, facilitating part-time work, flexible schedules, career development for workers, benefits and financial incentives for workers, more comfort in the implementation of the work, provision of necessary tools for working., etc.
- **Health, hygiene and safety.** Responsible companies should have a system of occupational health and safety to prevent occupational accidents and the spread of diseases. In addition, a responsible company should also be integrated into their management systems to promote healthy lifestyles and training to prevent off-site accidents. Therefore the company is able to not only to prevent accidents, but to take a proactive approach to promote the physical and mental well-being of people. An example of this attitude is found in the DuPont Company, which holds has the prevention of occupational accidents as one of its strategic objectives, with zero objectives while promoting off the job safety through specific training programs.
- **Continuing education that promotes both emotional and intellectual growth.** All agreed that the improvement in worker training affects the performance of such, but few people recognized the value of emotional education. Emotional training allows workers to know and better express their emotions, recognize the people to whom they relate, and improve their personal and impersonal emotional skills, all of which promote the internalization of the principles and values of the company. The experience of companies such as BASF, which have offered emotional training based on techniques such as meditation, confirm these results.
- **To facilitate the creativity of workers.** Innovation is one of the pillars of sus-

tainability and competitiveness. Through their employees, the companies, should be able to develop and implement new solutions (products, services, organizational or production systems, technologies, unsatisfied markets...), specifically those aimed at improving the sustainability and competitiveness of the company. The multinational 3M is a good example of this, as it states that employees can devote 15% of their time working on projects of their choice. It even offers rewards for innovative projects that produce not only improvements in the productivity of the company but also the sustainability on the same social or environmental level.

- In this line of thought, knowledge and talent are set as key factors of competitive differentiation throughout their staff. Responsible companies enhance these factors through specific programs. It is not only time and effort, but maximizing the potential of people. Companies must continue the development of the knowledge, experience, skills and attitudes of its staff. It is important to understand and interiorize that a company's knowledge and organizational skills extend far beyond the sum of each worker's individual knowledge.
- Diversity Management. Responsible companies should develop codes of diversity management that promote equitable development of different groups of workers. The existence of different points of view within the company favors the understanding of interest groups and power relations with them: gender diversity, cultural or racial diversity, or that related to the integration of persons with disabilities.
- Continuity of business. The sustainability of business depends on keeping it long term. The company's growth and the creation of stable employment, therefore, becomes key components of sustainability itself.
- Network Management staff. Faced with today's changing business environment, companies cannot continue using centralized and hierarchical systems. The responsible management of human resources means encouraging and promoting relations in the same network, relationships that may enhance the creativity of workers, give them greater flexibility, and allow them to become more adaptable to changes.

In short, the responsible companies are aware of the worth of the persons that compose it, so they carry out programs and policies to protect and develop people both professionally and personally. These measures result in greater employee engagement, better performance, and an important source of competitive differentiation through, creativity and knowledge, among other things.

Mercadona

An example of commitment to Workers

Mercadona is currently the leader of the commercial distribution sector of food, personal hygiene products and household products in Spain, and is the second-fastest growing world company in the sector of the food distribution, just after Wal-Mart. Currently, the company has more than 1,200 stores in Spain in which more than 60,000 employees work. The launch of this small company located in Valencia (initially consisting of 8 grocery stores), is due in part to the management of the CEO Juan Roig, son of the founder, especially with the implementation of the Model of Total Quality Management in 1993. Using this approach, Mercadona has focused on meeting the needs of all its stakeholders: customers, employees, suppliers, society and capital, all of them equally important but focused on in that sequence. Mercadona is part of a universal premise: “to be satisfied, you first have to satisfy others.” In the interest by stakeholders in this case, we want to emphasize its relationship with employees and then describe a series of exemplary steps in the implementation of CSR in relation to employees:

- All workers have a permanent contract which gives them peace of mind and reinforces the company’s commitment to them and vice versa.

Equitable policy remuneration for men and women (equal pay equal responsibility). The salary is fixed the same way for all 3 criteria: expertise, responsibility, and performance. In addition, wages are higher than the industry average. Proof of this is the last agreement signed in 2010 which includes annual

salary reviews over the CPI (0.5 to 2.5% as appropriate). This is a significant measurement if we consider the situation of economic crisis in which we live. Besides, the salary is supplemented by pay-offs among workers. This is to reinforce workers' commitment to the company.

- Professional development plans for workers. Any worker can achieve positions of greater responsibility within the company through performance. Initial selection is based on basic prerequisites (graduate school), but through the continuing education program and career plan, the employee is acquiring greater responsibilities.
- The program of "standard staff" is to standardize the different types of schedules. This program allows workers to know their schedules a month in advance and plan their vacation early.
- Power to reconcile personal and professional life, through measures such as day nurseries in the warehouse of the company, one month extension of maternity leave on behalf of the company (in a business where the vast majority of workers are women), supermarkets closed on Sundays, or policy to encourage employees to work near their homes.
- In the field of occupational safety and preventive and corrective health, a culture of prevention through internal measures develops and actively promotes the absence of accidents and diseases. As additional security measures, all employees have life insurance, they pay 100% of salary in case of disability, and have articulated systems that guarantee the sustainability of the family in case of the death of employees.

With all these actions, Mercadona has significantly reduced the quantity of absenteeism and turnover, which is very high in its sector, and has managed to significantly increase the productivity levels of employees which will improve their performance while meeting the needs of one of the main Stakeholders.

2.3. Responsible management of the relationship with suppliers.

In recent decades, providers have played an increasingly important role in corporate governance. Many companies that are following the model of leading companies such as Nike, Ikea or key sectors such as the automotive industry, have focused their attention on designing and marketing the product rather than in manufacturing, outsourcing production activities to other companies themselves, thus obtaining greater economies of scale, reduced costs, and reduced investment risk, in addition to labor disputes, which have helped open new product markets (such as China) where labor is much cheaper than in the West.

This situation has prompted the management of supplier relationships and is a crucial aspect to consider for any company that wants to have a socially responsible behavior. A responsible company cannot rely on the subcontracting as justification for irresponsible acts or illegal conduct of their suppliers. Proof of this was the scandals in the 80's within companies subcontracted by Nike for the use of child labor or the breach of human rights in such factories.

Thus, the responsible companies should ensure the application of the criteria for corporate social responsibility throughout the supply chain, while maintaining the same open and transparent dialogue.

The traditional management of the relationship with suppliers, still existing in many companies, has been based on seeing this more as a rival than an ally. Thus, as pointed out by Porter in 1979, when the suppliers have less bargaining power, the company will be more competitive. Since we have to work with many suppliers, they must be smaller than us and rely on our company, have little potential for differentiation, low switching costs, and little chance of integration with the company. The evolution of management models has given way to new systems that have left many of these traditional beliefs and has opted for a closer relationship between supplier and customer. As noted by Kotler et al. (2006), in the current world, companies do not compete one against the other, they compete like a groups of companies. That is, the competitiveness of a company not only depends on its resources and skills, but also depends on the skills and abilities of their suppliers.

In this line of thought and from the perspective of Corporate Social Responsibility, responsible companies should expand the selection criteria and relationship with suppliers, so that the included economic criteria also includes social aspects. We must ensure that all members of the value creation chain assume the values implicit in the Corporate Social Responsibility. One of the most common actions to spread those values is based on the extension into the suppliers code of conduct as defined by the company, especially with regard to compliance with human rights and labor. It is responsible for developing policies for supply management, and Mandatory policies for all providers, for the purpose of being used as evaluation criteria and selection of them. Criteria are things such as compliance with human rights, accountability of workers, promoting health and safety, or protection and respect for the environment.

Compliance with these criteria is even more necessary in emerging countries where the basic rights of workers are violated and enforcement of existing legislation is not done enough.

Without resulting to demagoguery by thinking that what we do in the West is best, we must take into account the cultural and social development of different countries. For example, I recently had the opportunity to dialogue with the Director General of one of the providers of a leader company in commercial distribution in Spain. The distribution company has an enforceable code of ethics for providers, to the point of carrying out audits in factories to verify compliance. The point is that in one of these audits in the factories of China, the auditor criticizes that the urinals were without cup. So I proceeded to change half of them, and over time it was not apparent that no one used the cups. Asking workers about the problem, they said that hygiene is not going to sit in the same place where they did hundreds of people daily.

Meeting these criteria would be a first step in extending the line of social responsibility along the supply channel. However, management is responsible for it to reach higher levels in the relationship between supplier and manufacturer. It is therefore essential to establish direct channels of dialogue to allow the concerns and needs of providers to be heard firsthand. In the same way, just as

the definition of specific training programs on issues of accountability, the establishment of systems of rewards for compliance with social standards, or the development of new initiatives for improvement in this area. It is the providers who develop a proactive attitude towards social responsibility that goes beyond compliance with specific rules, and that allows the development of a real commitment to the advancement of active policies that improve the quality of workers, and lead to improved environmental or ethical behavior.

INDITEX

An example of a responsible relationship with suppliers

Inditex is one of the leading fashion retailers in the world, with eight sales brands-Zara, Pull & Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home and Uterqüe - boasting 4,705 stores in 76 countries.

The Inditex Group is comprised of more than one hundred companies associated with different activities in the business of designing, manufacturing, and textile distribution.

The uniqueness of its management model is that it is based on innovation, flexibility, and achievements, which have turned Inditex into one of the largest fashion retail groups worldwide. Their understanding of fashion, creativity, and quality design, and their quick response to market demands has resulted in fast international expansion and excellent response of the commercial proposal of the various channels. The first Zara store opened in 1975 in La Coruña (Spain), where the Group started its activity and which houses the headquarters of the company. Its stores, located in privileged locations, are present in over 400 cities in Europe, America, Asia and Africa.

After the incorporation of Inditex to Ethical Trading Initiative (ETI) in 2005, Inditex agreed to incorporate its Base Code to the Code of Conduct for Manufacturers and Workshops. For this, the Board of Directors of Inditex amended the Code in July 2007.

The regulatory framework that is built on the new Code is composed of:

- ILO Conventions
- The Universal Declaration of Human Rights United Nations.
- Principles of the UN Global Compact.
- The OECD Guidelines for Multinational Enterprises.
- Locally applicable labor legislation.
- Local legislation on environmental matters and, failing that, the international force related.

This new Code is divided into eleven points:

Prohibition of forced labor.

Inditex will not allow any form of forced or involuntary labor in the production centers and / or facilities of its third-party manufacturers, suppliers and subcontractors. External manufacturers, suppliers and their subcontractors cannot require their employees to make any “deposits”, nor withholding of documentation proving their identity. External manufacturers, suppliers and subcontractors recognize the right of workers to leave their employer after reasonable notice in advance.

No child labor.

External manufacturers, suppliers, and their subcontractors shall not employ minors. Inditex defined “minor” as “those persons under the age of 16 years”. If local law imposes a higher age limit, that limit will be respected. People under 18 should not work night shifts or in hazardous conditions, as defined in Recommendation 190 of the International Labor Organization. When in production centers and / or facilities of third-party manufacturers, suppliers and subcontractors who detect the existence of any form of child

labor must apply protocols designed for disposal and educational programs to ensure the elimination of all forms of exclusion of minors until they attain the required minimum working age.

Prohibition of discrimination.

External manufacturers, suppliers, and their subcontractors shall not apply any discriminatory practices in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, creed, nationality, religion, age, physical or mental disability, gender, marital status, sexual orientation and / or trade union or political affiliation.

Respect freedom of association and collective bargaining.

External manufacturers, suppliers, and subcontractors must ensure that their workers, without exception, are offered the rights of association, membership, and collective bargaining, with the knowledge that the exercise of which can lead to retaliation and the company cannot offer any compensation or payment to employees with the intention of restrict the exercise of this rights. External manufacturers, suppliers, and their subcontractors will take a collaborative and open attitude towards the activities of trade unions. The representatives of the workers are protected against any discrimination and shall be free to carry out their duties as representatives in their workplace. When the rights of freedom of association and collective bargaining are restricted under law, appropriate channels must be designed to ensure a reasonable and independent exercise.

Prohibition of abuse or inhumane treatment.

External manufacturers, suppliers, and subcontractors must treat their employees with dignity and respect. Under no circumstances shall physical punishment, sexual or racial harassment, verbal abuse, power, or any other form of harassment or intimidation be used.

Health and safety at work.

External manufacturers, suppliers, and their subcontractors shall pro

vide their employees with a safe and healthy workplace, ensuring the minimum required conditions of light, ventilation, sanitation, fire protection, security measures and access to potable water. Workers must have clean toilets and drinking water. When conditions warrant, facilities for food storage shall be provided. The dormitories, where provided, shall be clean and safe. External manufacturers, suppliers and subcontractors shall take the necessary measures to prevent accidents and damage to the health of workers, minimizing the risks inherent in the job as far as possible. External manufacturers, suppliers, and their subcontractors shall provide their workers with regular training in health and safety at work, and shall keep an appropriate record of the training courses. External manufacturers, suppliers, and their subcontractors shall appoint a person, within the Directorate, who has authority and is capable of decision-making, responsible for health and safety with authority and decision-making enough.

Paycheck

External manufacturers, suppliers and their subcontractors shall ensure that the weekly wage paid to workers is at least equal to the legal minimum or established by agreement, whichever is greater. In any event, wages should always be sufficient to cover at least the basic needs and those that could be considered reasonable additional needs of workers and their families. External manufacturers, suppliers, and their subcontractors will not make deductions from wages of employees for disciplinary reasons or for any reasons other than those set forth in the applicable law, without your express authorization. At the time of hire, external manufacturers, suppliers, and their subcontractors shall provide all workers with: written and understandable information about their conditions and pay at the time of the periodic payment of salary information on their characteristics. External manufacturers, suppliers and subcontractors ensure that wages and/or other benefits are paid in a timely manner in accordance with applicable law, in particular, that payments are made in the manner most convenient for workers.

Hours of work are not excessive.

External manufacturers, suppliers, and subcontractors must adjust the

length of the workday according to the provisions of applicable law or established by agreement for the sector concerned, if more favorable to the worker.

As a general rule, external manufacturers, suppliers, and subcontractors must not require their employees to work, more than 48 hours per week and will provide, on average, at least one day off in every period of 7 calendar days. Overtime shall be voluntary, shall not exceed 12 hours per week, does not require regular occurrence, and shall be compensated at higher pay scale than for normal hours, in accordance with the provisions of law.

Environmental Commitment

External manufacturers, suppliers, and their subcontractors shall maintain an ongoing commitment to environmental protection and at least meet the standards and requirements of the applicable law locally and internationally.

Regular job.

External manufacturers, suppliers, and subcontractors are committed to all forms of employment that develop within the common labor practice and which are applicable to local laws. External manufacturers, suppliers, and their subcontractors shall not influence rights of recognized workers in labor legislation and social security through forms of subcontracting, home work, contracts and learning practices and / or any other similar formula in which there exists a real intention to promote regular employment, within the framework of regular employment relationships.

Implementation of the code.

- **Outsourcing** .- The external manufacturers and suppliers may not subcontract any work without the prior written consent of Inditex. External manufacturers and suppliers who subcontract work for Inditex will be responsible for compliance with this Code by the subcontractors. External manufacturers, suppliers and subcontractors must apply the principles of this Code to homeworkers who are part of the production and give all necessary infor

mation regarding the locations and working conditions of these workers.

- **Management Systems** .- External manufacturers, suppliers, and subcontractors must implement and maintain programs to implement this Code. External manufacturers, suppliers and their subcontractors shall appoint a management representative to be responsible for the implementation and enforcement of this Code. External manufacturers, suppliers, and subcontractors must inform all employees and their contractors, subcontractors, suppliers, agents and home workers of the Code, however are involved in the production of Inditex.
- **Monitoring and verification** .- External manufacturers, suppliers, and subcontractors approved for Inditex and / or third parties designated by Inditex, must conduct inspections and audits to verify the proper implementation of this Code. To do so, Inditex will provide the inspectors and / or audit by appropriate means and access to facilities and documentation required to ensure that verification.
- **Ethical commitment** .- External manufacturers, suppliers and their subcontractors shall maintain honest, upright and transparent in their business and to make an adequate system of accounting records, as a preventive measure against any corruption, bribery, and extortion that might occur. External manufacturers, suppliers, and their subcontractors shall not offer, grant, solicit or accept gifts or donations to / from buyers of Inditex in contravention of provisions of the “Internal Guidelines for Responsible Practices of the Inditex Group Personnel.” External manufacturers, suppliers, and their subcontractors shall not manipulate or influence their workers or falsify records or registers in order to alter the process of verification of compliance with this Code. External manufacturers, suppliers, and their subcontractors cannot offer or accept any compensation that seeks to interfere with the impartiality and objectivity of those parts designated by Inditex for inspections and audits of compliance with this Code, whether offered intentionally or not.

- Health and safety product .- External manufacturers, suppliers and their subcontractors are responsible for implementing the health standards and product safety of Inditex in the manufacturing processes of raw materials, finished products, accessories, and footwear for Inditex .
- Publication of the Code - The management of external vendors, suppliers and subcontractors shall inform their employees about the content of this Code.
- A copy, translated into local language, shall be displayed in a location accessible to all workers.
- Reference to national legislation and collective agreements .- The provisions of this code constitute only minimum standards. In the event that national legislation or any other application or commitments are applicable, including collective agreements, governing the same subject, action more favorable to the worker should be applied.

2.4. Implications of CSR on society.

The concept of Corporate Social Responsibility explicitly reflects the importance of these policies on society. All definitions agree on the RSC's main objective to identify the same reducing the negative enhancing the positive effects of business on society. One example is the definition contained in the Green Paper of the European Commission: "The corporate social responsibility is essentially a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment". Therefore, the improvement of society becomes the *raison d'être* of the responsible company, to the extent that any strategic decision should take into account the consequences of this on society.

Environmental disasters such as the Prestige oil tanker's oil spill off the Galician coast, the recent spill in the Gulf of Mexico from the BP oil platform, as well as climate change and economic scandals (the source of the current economic crisis such as Enron, Arthur Andersen or Madoff), are clear examples

of the negative implications that individual actions have on society's businesses. Situations that have led society to demand greater control and responsibility from the companies and their managers.

This respect for the company from the company can be translated into concrete actions such as:

- Improved quality of life of the community.
- Generate a positive social impact on people around them and the communities in which they operate.
- Respect for local people and indigenous people, their values, traditions and the contribution of culture to social context.
- Keep the public informed with continuous and transparent information regarding any business-related factor that may affect them.
- Contributing to the economic development of the communities in which they perform work.
- Generation of local employment. Socially responsible companies should try to recruit staff mainly in the area where they have facilities.
- Provide the community and society with useful products and services on fair terms, even establishing incentive programs for communities living close to industrial installations.
- Try to distribute an equitable amount of generated wealth.
- Development of programs and local training centers to increase the skills of citizens.
- Donations and sponsorships of events, institutions or local facilities.
- Respecting the environment by doing everything in its power to minimize any contamination of waste generation and providing a more efficient use of natural resources and energy.

- Development of initiatives to promote prevention and environmental responsibility.
- Avoiding everything that might cause environmental pollution and global warming
- Responsible use of natural resources, energy or raw materials.
- Caring for and respecting for the land that future generations will inherit.

However, all these initiatives must be developed from the freedom and willingness of the company. Only the free corporations share the responsibility to integrate the company within its business strategy. Alignment with business strategy is the assurance that they can obtain satisfactory results for society and for the company.

Aguas Mondariz **An example of involvement with society**

Mondariz Water is a company dedicated to the packaging and distribution of mineral water and is located in the town of Mondariz in Galicia (Spain). In 1873, the company obtained the Declaration of Public Utility Mondariz water and has been packaging mineral water since 1877. Currently, the company has 6 packaging lines, 2 in glass and PET 4. With just over 100 employees the company is the sales leader in Galicia and ranked one of the first nationally. This activity is complemented by the commercial operation of a therapeutic spa located in the vicinity, one of the most important hydrotherapy centers in Spain, as it specifically provides for the needs of the Spanish Royal Family.

The natural source of water and its health benefits are cornerstones of the company's involvement in improving the quality of life of the surrounding society. In this regard include the following social improvement strategies have been developed by the company today:

- Help people in need. The company works with various charities to help the

less fortunate. For example, the company collaborates with the refuge, with the association of people with intellectual disabilities, the deaf association, Intermon Oxfam, the anti-drug association Alborada.

- Selection of the municipal workers of Mondariz and surrounding areas.
- Sponsorship of grassroots sport as a means to improve the health of citizens.

The company supports numerous local sports schools where young people can be educated in the values and benefits of sport. For example, the company supports the following schools: School Mondariz football, football club Mondariz; Mondariz Canoe School, School of Vigo CIP basketball, school and biker club Ponte; Mecos Rowing Club, in addition to sponsoring various sporting events.

- Grants and sponsorship of cultural activities. Specifically, the company supports painting Scholarship Mondariz Wellness Foundation, Collaboration with the cultural association Castromao; Festival of Galician literature, organization of the Fiesta del Carmen in Mondariz ...

The company also has a strong commitment to a better society, as demonstrated by the following:

- All business activities are planned and evaluated with an environmental approach, with the intent to be developed with minimal impact on the environment.
- Development and certification of business processes according to international standard and voluntary ISO 14001 (environmental management). In addition, the company has acceded to the European voluntary program management and Audit Scheme (EMAS), and is the first Spanish company to achieve both certifications.
- Giving information to the society about the environmental actions undertaken by the company and their impact. For example through open days, or publication of environmental policy, etc..

- Collaboration with environmental NGOs like the Nature Foundation and the Association IRIS environmentalist.
- Above all, the Green Mondariz project, which has been a comprehensive study of the products and processes aimed at making improvements that may render an environmental benefit since 2007. With this project we have obtained results such as weight reduction caps and packaging, reduction of paper labels (32 million per year), saving more than 20 million liters of water per year, use of cards recycled, etc.

Mondariz waters is a great example of how a medium sized company can use some of its resources to improve the surrounding society.

Source: own through the web page information.

2.5. The relationship with the shareholders of the company.

Finally, we proceed to study the relationship between the company and the shareholders of the same priority as an interest group. We've saved this for last because it is the most obvious interest group. Every company is established with the aim of satisfying the interests of shareholders and also its main focus, profitability, depends on satisfying the interests of the above groups.

The dilemma in the relationship with shareholders is whether or not to be the only interest group that should have a company, so that investing in other actions is a waste. The words of Milton Friedman in his book "Capitalism and Freedom" is a good example of this thinking: "Few trends could so thoroughly undermine the foundations of our free society as the directors of each company creating liability other than to generate as much money as possible for its shareholders" (Friedman, 1962: 133). Moreover, from a standpoint of social responsibility, as already mentioned, we support the position that companies should be accountable for their actions toward society and, moreover, it ensures greater profitability and market value for companies (Freeman, 1984; Luo and Bhattacharya, 2006). This marked the explanatory model of the corporate philosophy to

CSR, which suggests that companies contribute to the welfare of society because they have responsibilities beyond maximizing short term profits. From this new view, managers value the benefit or net cost to the company who assumes the exercise of CSR. This approach assumes that firms create value for shareholders through the appropriate government relations with all stakeholders, which does not challenge the primacy of capital as a fundamental input to the company, but highlights the openness of society business institution. This understanding of the company “is essentially about the evidence that long-term business results improve, if not opportunistic relations with various interest groups that take part in the business: employees, customers, suppliers and social communities where it operates” (Lafuente et al., 2003).

The rejection of the Friedman model “company and benefits, company and shareholders,” is implicit in this new paradigm, which meets the demands of all stakeholders, not seeking to maximize the benefit in the short term, but building lasting and solid social relationships. The very term Stakeholder arises as opposed to the much used concept of the classical paradigm Shareholder or liberal. However, it should be stressed that respect for society is complementary to the award of benefit as top priority for the company: the company needs to generate profit to survive and survival is the first economic and social objective of the company. Therefore, we say that in the socio-economic model, “responsibility and profitability are inseparable,” and this model assumes that the company has set goals of economic and of course, social type (L, Muñoz and Balaguer, 2005). They are the first important than the latter, nor should ensure social objectives at the cost of continuing losses. Termes (1995) defines it as dual purpose, “create wealth for all participants in the company and provide a real service to the society where it is located.”

It is, therefore, to apply the principles of market-oriented approach developed from the field of marketing. It is, say, to the extent that the company identifies and meet the needs of its stakeholders, accomplished its main objective to achieve profitability through competitive differentiation. Furthermore, following the values of marketing, the company has to prioritize long-term profitability. That is, the purpose is about building lasting relationships while ensuring the survival of the company, especially in times of crisis, like the present. Keep in mind that the income and quality of life of many of the Stakeholders depend largely on

the profitability of the company. Social outcomes help to generate long-term relationship because they increase the value of intangibles and increase confidence. Therefore, this approach may not satisfy the requirements of speculative investors seeking a short-term profitability, but will interest the long-term investor.

This social investor seeks, in addition to their own interest, self-satisfaction, altruism, and personal convictions as reasons that influence their investment behavior (Martínez et al., 2006). When the motivation is mainly based on self-interest the investor is looking for a return, a specific revenue. However, when the reasons are based on self-satisfaction, altruism or beliefs, the investor also seeks economic return for other revenues less selfish and more social. This social investment not only seeks economic performance but creates it to finance projects that can generate a greater impact on society. This does not mean that responsible businesses can not attract traditional greedy shareholders only by economic returns; as pointed out above, investing in responsible actions enables greater competitive differentiation of the company, which translates into greater profitability the same. Proof of this, as mentioned at the beginning of this heading, is that corporate social responsibility in 2009 has been the most influential variable in differentiating the company with a score of 8.5 out of 10 as Merco Enterprises Index (index monitoring of CSR in Spain). This index is calculated annually through a survey of managers of large corporations, financial analysts, NGOs, consumer associations, financial journalists, experts in talent management, and a sample of employees, customers and citizens.

We must recognize that not all studies have confirmed that there is a direct relationship between CSR policies and improved economic performance. However, most of these studies agree that such a relationship is possible, as demonstrated by the work of Margolis and Walsh (2003), in which scientists analyzed 127 studies on the influence of CSR actions on the profitability of companies, and after, concluded that more than 50% demonstrate the positive relationship, and only 5% have shown a negative effect on firm performance with investment in CSR.

In any case, in order to attract shareholders of one kind or another, it is necessary for the company to establish clear channels, direct and transparent information to shareholders, in order to reduce uncertainty and allow them to

invest in projects that fulfill their concerns. To this end, the companies develop codes of conduct or social memories. Codes of conduct reflect the company's corporate values. Memories, in turn, reflect the results of actions undertaken and their performance of social responsibility.

3.

The results of the stakeholder approach.

As mentioned before, the CRM is the long-term relationship between a product or service provider and consumer takes the form of useful and regular communication with stakeholders, and provides other value added services. Thus, we can consider additional benefits of CRM to be mutual trust and understanding, improved organizational loyalty, and defense of the institutional proposition.

Soon, different beneficial results that can be derived from the approach and stakeholder involvement emerged. These results, which significantly contribute to improving compliance with organizational objectives, include: reciprocity, shared values, trust, commitment and long-term relationships. It should be noted in this connection that all these factors, as well as many others not listed explicitly, each influence, promote, and reinforce each other, acting together as catalysts. Thus, the sharing of values helps improve trust between the parties which, in turn, results in the establishment of longer-term relationships. Additionally, the more that different organizations plan to cooperate in the longer term, the more likely they are to interact with greater reciprocity, come to share more values, and so forth.

3.1. Reciprocity

The core of CRM focuses on managing mutually beneficial relationships for each participant. This has given much to the efforts of companies, and has also focused on the stakeholders "potential" (potential customers, etc.) to learn more about themselves. Through the development and promotion of dialogue

with them, more efficient selections of the many proposals for improvement are performed, so the CRM becomes a critical factor in issues such as the re-definition of strategies or the development of mutually beneficial relationships with business partners. Although we can differentiate between different stakeholder groups (cf. above), this section will focus our attention on the reciprocal relationships with suppliers, since it is in them that this relationship is most clearly distinguished. (Because the company is, in turn, customer of the supplier, you can apply everything that follows with an analogy to customers). The supplier survives on trade coming to the organization. And his survival, in turn, depends on the organization. Helping each other and meeting the needs of the other optimizes the mutual benefit of the relationship and the effectiveness of the two organizations. For its part, the company needs reliable suppliers who meet their needs and expectations and overcoming any difficulties meeting the needs of the company. Therefore, suppliers have a vital basis for the company, “where they start to quality management,” but, at the same time, suppliers need to maintain their level of activity. Consequently, suppliers are integrated into the organization in a partnership where both sides benefit. This reciprocity has a number of advantages, noted in the following:

- **Increased capacity to create wealth for all parties:** An improved coordination with suppliers, an improvement of the final product to be on track from the beginning. Increased customer satisfaction resulting in increased sales, which is beneficial to both parties.
- **Flexibility and speed to join the responses or changing market needs and consumer expectations:** By being integrated with the organization, suppliers have to adapt quickly to the needs of the company if they want to maintain or increase their business. If the provider is unable to meet the needs of the company, it is unable to meet the needs of consumers.
- **Optimization of costs and resources:** The supplier is also an entrepreneur, so you have to motivation with business case must be executed with business expectations (which are no longer the same as for the company, which, in turn, is a supplier of consumer .)

- Consultation and exchange of experiences and resources between the parties: The vital information provided may come from different sources. If information is obtained through quality criteria, it is always helpful and allows for better development of the potential of the relationship. Strategic alliances enable sharing and better use of existing resources to save costs.
- Identify and select key suppliers: A good supplier does not come easily. To make strategic alliances, it must enforce and determine the confidence that can be bestowed upon the various suppliers, selecting those whose interests and capabilities are tailored to the needs of present and future of the organization.
- Sharing information and future plans: The organization must share its future plans with the supplier, so that it will be useful in the future, being able to maintain the level and quality of cooperation. In future plans, the supplier should include those plans of its clients to determine the best plan that can be done for the future.
- Establish and bring together development and improvement of activities: To meet the needs of the company, it is best to extend the quality of management in both directions to save costs and make the right decisions. Continuous improvement in this aspect improves final product quality aside from the management capacity of the parties.
- Inspire, motivate, and recognize improvements and achievements of suppliers: Like all members of the organization, suppliers need to be motivated, and this must be according to the effort to obtain improved results, as the motivated and inspired member gets better results.

In short, good relations and progress of business between suppliers and the rest of the organization, resulting in benefits for both parties, helps improve the final quality of the product, and thus the competitiveness meets the business-meeting needs and those expectations of the consumer and the environment.

3.2. Shared Values

The values are those ethical judgments about real or imaginary situations to which we are more inclined for their degree of personal and social utility. In turn, the values are the most important pillars of any organization, as defined by the organization itself. The singular importance of shared values as a basis for the overlapping of the stakeholder, is reflected in the following:

- Allows positioning in an entrepreneurial culture.
- Define standards for decision-making.
- Promote a shift in thinking.
- Minimize failures in the implementation of strategies within the company.
- Reduce employee turnover.
- Avoid conflicts between staff.
- Improve alignment of members of the organization.
- Increase the likelihood of success in continual improvement processes.

Once the values of the company have specified, the company must act on them as priorities and in a conflict, must be able to reason logically based on the list of values. This attitude will make certain that the values are consistent with those of the stakeholder and the company itself. For their part, shared values should guide the daily conduct of everyone in the company to assist in accomplishing the company's mission, vision and identity, constitute the foundation of the organization, and generate benefits for people and businesses who apply.

Speaking of shared values is necessary to differentiate between the final values (included in the mission and vision of the company) and values are instrumental. These are modes of behavior appropriate or necessary to reach our goals or values become existential. When the stakeholder involvement should be taken into account both exist, although the first takes precedence.

Shared values absorb organizational complexity, guide the strategic vision, and enhance the professional commitment, while constituting a tool to identify, promote, and legitimize the kind of organizational change needed to achieve the implementation of strategic management in enterprises, thus helping to increase the effectiveness in the process of changes within. They also drive strategic thinking; a strategic approach will strengthen the leadership and preserve the strategic intent of the process, continuous learning, and commitment of members of all stakeholders involved.

3.3. Trust

Most concepts agree on certain common elements in the definition of “trust” so that we could define it as “a widespread expectation that an individual has to depend on another or others.” By extension, the trust gives partners a way of dealing with risk or uncertainty in exchange for relationships and the belief that the other party will not abuse the situation (ie the trust to “do business”). This expectation limits the set of possible actions, thereby reducing the uncertainty of the actions of members, but at the same time providing a choice for an alternative action. The firm belief that “the other company will take action that will produce positive results for my company as well as not take unexpected actions that produce negative results”, in principle, would make the relationship work more effectively, reducing opportunistic behavior and complexity, while at the same time fostering cooperation and coordination. Many authors have noted that trust evolves from shared values and common goals of members and this concept of solidarity can be a long term relationship.

Both suppliers and retailers jointly build a network of trust. Buyers seem to put confidence in the vendor companies based on company characteristics and actual behaviors. Together, these factors provide the buyer with an indication that acting as an “infidel” could be costly for the supplier. In industrial markets the product quality is now one of the “order qualifiers” in many purchasing decisions. More recent research has come to prove that the other necessary variable is trust. This is the first requirement of power when considering the appropriateness of a customer to do business with the supplier. Thus, companies

that focus solely on providing the lowest cost product in a timely manner could find that the acquiring company is not even considering doing business with them without having created a relationship of trust between the two. Therefore, the importance of trust in future intentions indicates that this is a criterion that buyers use to evaluate suppliers (and thus for all stakeholders). The development of this relationship represents an investment that provides compensation in the long term.

Trust, as already noted, plays an important role in the long-term orientation of a relationship. It doesn't matter if the trust is based on the credibility of a partner (who has experience and reliability) or benevolence (belief that the partner works beneficially for both when under new conditions), providers who care about the results of buyers as well as their own will be more trustworthy than those who show interest only for their own welfare. The trust of the seller affects the long-term orientation of a client through three areas: reducing risk perception, greater confidence to solve problems faster, and an equally fundamental issue, reducing transaction costs in terms of trade. Thus, two studies have come to show that confidence in the credibility and benevolence of a vendor is positively related to the long-term orientation of the buyer. However, in some cases, if providers feel that a buyer is up to them, they have little motivation to develop a strong relationship and cooperation in the long run, especially if the costs of maintaining this relationship outweigh the benefits.

3.4. Long term relationships

The CRM and dialogue with stakeholders can build relationships that balance short-term gains with long-term considerations. The voracity of the business to achieve results and shareholders' desire to improve earnings immediately lead to an attempt to maximize revenue in the present. If the company wants to stay in business, it must make approaches to long-term management. If a stable relationship between the organization and suppliers that will maintain stability in production activity is desired, it is necessary to establish stronger links to the short-term gains, for which strategic alliances are needed to avoid problems with the supply and quality

There are many factors that influence a company to adopt a long-term orientation, trust and dependence that also affect the case of the stakeholder. The outlook for both indicate that we can determine the long-term orientation to the extent that there is mutual trust. Although the study on long-term relationships indicates that the dependence plays an important role in determining the long-term orientation, it is not sufficient for an explanation. Trust is necessary for the parties, and there is also the need for action to promote this climate of confidence in order to build a future-oriented relationship. Companies with long-term orientation focus on the achievement of future goals (obviously not ignoring the results they present). This approach underlies the conviction that rational exchanges, through efficiency gained through joint synergies, maximizes profits on a series of transactions.

There is a distinction from relationships oriented for the long-term and the longevity of a relationship. Although the weather affects the direction of society, longevity is not enough to capture the long-term orientation of the buyer. In other words, rather than length itself, we consider the long-term orientation in a relationship to be a better indicator when evaluating a business relationship. For example, dependence on a buyer before a supplier is positively related to long-term orientation of the buyer, especially if a buyer is very dependent on its vendor, is more likely to encourage a strong orientation towards the long-term, ensuring that you will not lose critical resources and supplies with this provider. In turn, a buyer's satisfaction with past outcomes is positively related to their orientation in the long term. Studies show that people who are unhappy with the poor results in the past are likely to focus on profits and short-term orientation.

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I.

The essence of promoting CSR strategies

I.1. Why is it so important to disseminate information on CSR?

Corporate social responsibility is an idea which is not always immediately understood. Not all underpinning values of CSR are universally shared by all business cultures. 19th century capitalism, which often resorted to simplified principles of liberal philosophy (homo economicus, business is business, egoism as the main driving force of development, precedence of profit over other values, ethics apply to private relationships, but not to business, etc.), has strongly affected the way many people in charge of businesses understand some issues.

In post-communist countries, including Poland, there is an additional problem. Over decades of planned economy, a culture of lack of responsibility for the results of economic activity has evolved. The status of individual managers in firms run by the state, i.e. by a nameless administrative structure, depended on things other than their sense of responsibility for their actions.

In these countries, many people involved in business management reacted to the destructive system of planned economy by turning to the ideals of early capitalism. Unfortunately, this was not enough to immediately do away with certain habits and business values that constitute something that may be described as post-communist corporate culture, supplemented by certain profit-driven aspirations of crude liberalism, adopted with disregard of the long evolution of capitalist relations that the developed Western economies had undergone.

It must be said, however, that also in countries with long free market traditions, proponents of the classical theory of economics dispute the idea that a company has obligations other than maximizing profit.

The idea that businesses have social responsibilities was first consciously expressed and accepted by large corporations. On the other hand, some small and medium-sized enterprises, often deeply rooted in local environments of which they are a natural part, tend to apply the principles of corporate social responsibility as simply the natural thing to do.

However, regardless of the sector or company size (be it an international corporation or a large, medium or small enterprise), regardless of the underlying political traditions and business cultures, and although the idea of corporate social responsibility is becoming well known, there is much less willingness to put it into practice. Businessmen and those who surround them tend to think that CSR is a good PR and marketing technique that helps improve company image and that their involvement in charity only makes sense if it can be used in advertising.

In contrast to such opinions, CSR is a broad, strategic concept of business management aimed at achieving real change in economic relations. In the final analysis, people get involved in economic activities in order to improve the quality of their lives. Profit is a characteristic of business activity, but it is not its goal. The ethical principles on which our civilization is based stem from the inherent dignity and social nature of the human being and apply to all areas of human activity, including business and even politics. Any other selective approach to ethics results in the deterioration of the quality of life in the long run, generating injustice and underdevelopment. A mature civilization extends moral principles to all domains of private and public life.

This approach was the basis for the development of the notion of corporate social responsibility in the United States; the same values prompted the European Union to incorporate this idea in the Lisbon Strategy (2000), the Green Paper (2001), the White Paper (2002), and in subsequent documents and actions.

Corporate social responsibility increases the competitiveness and market value of businesses because, in the long run, all that is ethical is also rational.

Social responsibility improves both the public image of the company and productivity, employees get more satisfaction from their work, are proud to be part of the firm, try harder, thus paving the way for more innovation and market flexibility, and the brand gains in value. The perception of the firm improves among its stakeholders, i.e. clients, OEMs, suppliers, retail chains, public authorities, and stock market investors, all of whom more willingly work with the company and/or use its services. These effects associated with CSR have been demonstrated in numerous studies in many countries around the world. Citing the results of these studies is perhaps the easiest way to convince entrepreneurs to apply the rules of corporate responsibility and build ethical values into their business strategies and corporate culture.

Nevertheless, lasting success in the promotion of conscious and genuine social responsibility among employers and company managers can only be based on the conviction, stemming from the traditions of our civilization, that ethical values are valid in all circumstances, whenever a person makes decisions that affect other people. Hence, responsibility for sustainable development, for the quality of life of people in business environments, for the natural environment, and for the dignity of the lives and work of the company staff, lies not only with public authorities and private persons, but also with those specific, action-driven communities called businesses. Consequently, corporate responsibility translates into the responsibility of individuals within the firm including, first and foremost, company owners and CEOs, but also managers at various levels, experts, specialists and ordinary workers.

Thus, actions aimed at promoting CSR should focus on building awareness of the following two basic rules, first among those in charge of businesses, and then also among all other staff:

- a) companies and people who run them participate in the lives of broader communities and usually have a significant impact on the development of those communities and on their quality of life; therefore, companies cannot ignore values that stem from the common good. Sustainable development is a challenge for everyone, including businesses;

b) in the long run, basing a business strategy on these values and incorporating them into the life of the company and its relationships with stakeholders also helps achieve an important business objective, i.e. bringing profits to the shareholders

One should also remember that changes in the market and social environment, brought about by universal adherence to the principles of corporate social responsibility, create more comfortable conditions for companies to operate in and reduce transaction costs by increasing social capital. One of the main objectives of CSR is to increase social coherence, which expands the market and contributes to general economic progress, thus increasing the security of the business environment and contributing to the development of individual companies.

Not everyone is familiar with these rules, and even those who are do not always apply them in their day-to-day business activities, so there is a need to promote and justify the very idea of corporate social responsibility and to promote tools, methods, and good practices that will help CSR become a reality.

1.2. Best methods for disseminating information.

Dissemination of knowledge about CSR should not be a unilateral process. Furthermore, it is not true that there is no more room for progress in this area. This is why dialogue should be the basic method for communicating the idea of corporate social responsibility and for teaching the ways that this idea should be put into practice. This dialogue should be multilateral and based on partnership between various social groups interested in ensuring that economic development brings positive results.

While respecting the basic premises of corporate social responsibility, such dialogue should be focused on finding ways and areas for implementing CSR which are best suited to the specific time and place, to the actual stage of social and economic development, to local institutions and customs, traditions, and culture, to the needs and expectations of the local communities, staff, public authorities of various levels, as well as to the regulations in place, to the requirements of environmental protection, and to the potential of the companies involved.

Dialogue and partnership will help the target groups accept the proposed ideas and values as their own, thereby strengthening the process of internalization of the principles of corporate social responsibility. The implementation of readymade solutions will always be superficial and will often fail to address real local issues, leaving the impression of a purely money-driven process. This is counterproductive for the dissemination of CSR, as the public is quickly put off by projects that seem to be little more than a publicity stunt arranged without sincere regard for the true content of the conveyed ideas. Studies on public awareness and reception of the concept of corporate social responsibility have shown that such rejection is a very real threat.

The dissemination and implementation of CSR requires much more than just passing knowledge to the target groups. Social psychologists have no doubts that gaining new knowledge is one thing, but turning it into new attitudes is the much more difficult and time-consuming part. Long-standing habits and customs, traditional approaches to problem solving and old ways of looking at things, i.e. the inertia of company culture, are some of the main barriers that often remain even when new knowledge has been gained, shared through discussion and accepted, resulting in attitude changes among managers and staff members.

Thus, measures aimed at achieving lasting changes that will reconcile corporate strategic thinking with the ideas of corporate social responsibility must be diversified, comprehensive and sufficiently intensive. What is needed is dialogue and public debate, as well as a broad information campaign that will spread knowledge among various groups, both within companies and in their external environment. A multidimensional training campaign is also needed.

It should be stressed that corporate social responsibility manifests itself in many different areas. Within the company, these areas include good treatment of staff members, preventing harassment and discrimination of all sorts, preventing dishonourable or humiliating behaviour, ensuring labour safety and comfort in the workplace at a level that exceeds minimum legal requirements, going further than what the law requires in meeting other staff needs, helping staff members draw satisfaction from work, allowing staff to successfully reconcile professional and private life, and changing corporate culture to encourage greater staff participation. One could easily come up with an equally broad array of possible ac-

tions aimed at building relations with external stakeholders, initiatives that reach out to local communities, gestures that help protect the environment and measures that make products and services more environment-friendly. Therefore, the message should have two sides to it. On the one hand, it should convey the need to implement the principles of CSR in various areas within and outside the company, as well as the possibilities and methods involved. On the other hand, it should be a reminder that the philosophy of a responsible business is more than just a set of measures; rather, it is a vision of the future model of the business, affecting the company's strategy and corporate culture and bringing long-term results.

The implementation of such a philosophy calls for new management standards. Therefore measures aimed at disseminating CSR should include actions promoting management concepts adjusted to the needs of CSR. Consequently, appropriate standards should be developed and managers should be persuaded to adopt them, then supported through training and promotion of good practices.

It is common knowledge that setting a good example is one of the most effective training and educational methods. Exchange of experiences and sharing good practice are some of the best and most reliable ways of promoting CSR-oriented attitudes. Examples presented at meetings and in printed materials should include not only companies which excel in corporate social responsibility, but also those which managed to make real progress, even if limited, despite difficult beginnings. There is a psychological rule according to which people find it difficult to mobilize themselves to pursue goals that seem distant and unrealistic, but easily get enthusiastic about following in the footsteps of someone who has succeeded and who is very much like them.

Feedback has always been an important aspect of disseminating knowledge and changing attitudes. This is why attention should be paid to opinion surveys concerning CSR, auditing and reporting so as to better adjust the message to actual strengths and weaknesses.

Another important method of promoting corporate social responsibility involves the development and practical application of various codes of ethics or

other documents which link the mission and corporate culture of a company with ethical values. One should remember that adopting a code of conduct whose provisions are unrealistic may be perceived as an illusory measure and turn out to be counterproductive. When drafting such documents one should therefore very carefully assess the awareness of CSR in the organization and the existing corporate culture, so as to be able to make a clear distinction between general principles, which should be the long-term goal, and specific rules which should be obeyed in practice. Such a code cannot legitimize bad practices but, on the other hand, it should not be categorical about adhering to rules that the majority would probably ignore. This is an issue requiring great caution; if necessary, one should resort to guidelines and vision statements rather than obligatory standards. It is better to rely on ethical corporate culture programmes and strategies that propose the introduction of ethical codes at some point in the future. A code developed through dialogue of all parties within the company, reflecting the points of view and sensitivities of both the managerial staff and of the various worker groups, is much more likely to be generally respected than a code drafted by a most distinguished ethicist and adopted by the Board without bothering to ask anyone for their opinions.

Various contests, awards, and classifications could prove to be an incentive for companies and their managerial staff, as success of this kind raises the prestige of the brand and of the individual managers involved.

Finally, CSR may be promoted through changes in the business environment, in the broad sense of the term. This approach may be very complex, as it may involve, among other things, combating corruption and unhealthy ties between business and politics, improving the law, combating unemployment and developing a more integrated job market, investing in science, improving skills, developing lifelong learning, building institutions that support businesses, especially SMEs, developing hard and soft infrastructure, improving public health, developing, strengthening and inspiring social dialogue and partnership, strengthening social cohesion, eliminating social exclusion and excessive income inequality, bridging development gaps between regions, building a positive public image of business and entrepreneurs, etc.

2.

Target groups for information on CSR strategies

2.1. Communities associated with businesses

Naturally, messages aimed at disseminating CSR should be primarily addressed to those who are in the best position to act directly, i.e. CEOs, company owners, members of supervisory boards and managers of various levels. One of the ways to reach them could be through employer and entrepreneur organizations, or various guilds and business clubs, as these often influence business people's opinions regarding what is "trendy" and what is not.

However, business people do not live in a social vacuum. Their attitudes and decisions may be strongly influenced by the expectations and views of the public opinion including, in particular, groups and individuals they meet in their daily managerial work, especially if such groups or individuals are in a position to exert some form of pressure. Target groups should therefore include indirect target groups whose role will be not only to learn about and accept the ideas of corporate social responsibility, but also to influence the final target groups, i.e. those who actually make decisions within companies.

Naturally, distinguishing between the two types of target groups is sometimes difficult. For instance, shareholders may have property rights, but not all of them are in the position to directly influence the company on a daily basis. On the other hand, the role of employees and worker organizations in decision making within a company depends precisely on how deeply rooted CSR is within that company, i.e. on social dialogue and on worker participation in the management process.

In any case, both shareholders and employees are important target groups since, regardless of their real power, they should be very interested in the development of CSR in their companies, as CSR may increase company market value to the advantage of the shareholders and improve working conditions to the advantage of the employees. Once made aware of such opportunities, these groups may in many ways put pressure on decision makers, even without direct participation in decision making processes.

2.2. Local communities

Other target groups should include local communities, represented i.e. by local governments and non-governmental organizations. These circles may approach companies with proposals concerning support and cooperation, citing corporate social responsibility and the associated obligations of businesses to local communities. Apart from local governments, these groups may include NGOs active in various areas, i.e. organizations preserving local identity (societies such as “friends of such and such town, district or region”), as well as organizations working in the fields of culture, education, science, sports, tourism, charity or otherwise supporting the common good. Life has shown that socially responsible businesses often join and support various initiatives without placing much emphasis on exploiting such support in their advertising campaigns.

2.3. Other stakeholders

The message should also be addressed to clients, who constitute a very special target group. Once clients learn to pay attention to the way companies behave, to whether they respect environmental regulations, whether they are in violation of employee rights, or even worse, human rights (as is sometimes the case with subsidiaries of international corporations operating in China and in other developing countries), whether they help address the needs of local communities or support culture, sport and charity, companies will have to deal with the risk that such clients will turn to the simplest form of pressure available to them, i.e. begin boycotting their products and services and buying from compa-

nies with a better CSR record.

In this context, labelling products to provide information on a certain aspect of the manufacturer's ethical policy can be very useful, provided that such labelling is supervised by independent environmental, charity, consumer, or human rights organizations.

Another target group that could be useful in disseminating knowledge about CSR includes organizations that support businesses in various ways, through consultancy, training provision, legal services, research, advertising services, business contacts, etc. Not all of these organizations and firms have much leverage with the businesses with which they work, but their routine contacts and professional authority may certainly help to either build an atmosphere conducive to corporate social responsibility or discourage entrepreneurs to CSR, depending on the convictions of the representatives of such organizations.

3.

Institutions supporting the dissemination of information on CSR strategies.

3.1. International organizations

Institutions involved in the dissemination of information about CSR strategies include, first and foremost, the most important international organizations, i.e. the United Nations and the European Union.

UN acts through its specialized agency, the UNDP, and through the Global Compact initiative. Global Compact is a worldwide network organized around its New York central office and six specialized agencies of the UN. The network brings together about 2000 firms from all over the world, including some of the most prestigious corporations, as well as research and academic institutions

and non-governmental organizations that deal with ethical and environmental aspects of business. Firms participating in the initiative have a duty to report their achievements related to CSR, but there are also many advantages, such as being able to take part in the development and dissemination of the idea, as well as building organizational ties with UN agencies, state institutions and other organizations with which companies may cooperate and exchange experiences. Firms which have joined the initiative have closer relationships with stakeholders and expert circles and are able to take part in result-oriented discussions about key problems of today's world. Observers have found out that participation in Global Compact increases company value on leading world stock markets because investors are aware that choosing the path of CSR translates into greater business development opportunities.

The EU debate on corporate social responsibility dates back to the mid-1990s, when a group of entrepreneurs published a manifesto (Entrepreneurs' Manifesto). The EU incorporated the idea of CSR into the Lisbon Strategy, its most important policy statement on economic development. The implementation of the Lisbon Strategy led to the preparation of a number of important documents, the first of which was the Green Paper on CSR, published in 2001. The document defined the scope and the basic principles of CSR. The debate that followed the publication resulted in the White Paper: Communication on CSR, issued a year later. The White Paper was more practical in nature. It identified and discussed four basic areas for the dissemination of corporate social responsibility in Europe, namely education, exchange of experiences and good practices; development of corporate social responsibility; establishment of a European stakeholders forum and incorporation of CSR into EU policies. This meant that from then on EU labour, economic, environmental, consumer, trade and other policies would be developed with due respect to the principles of corporate social responsibility.

The European Multi-Stakeholder Forum on CSR, set up by the European Commission, has become the main platform on which the European Commission, governments, non-governmental organisations, business federations and trade unions debate over problems related to dissemination and implementation of the CSR concept. Regular meetings are held with the aim to develop a European model of responsible business.

In 2005, in line with the Lisbon Strategy, the Campaign for Corporate Social Responsibility was organised. It was a large-scale lecturing action in many European countries, which significantly contributed to CSR mainstreaming in these countries.

In 2006, the European Commission issued an official communication entitled “Implementing the Partnership for Growth and Jobs: Making Europe a pole of excellence on corporate social responsibility.” The document not only constitutes an incentive for entrepreneurs to publicly present their achievements in implementing the CSR assumptions, but also indicates those fields of public life and the economy that could foster the implementation of CSR but require action by political bodies. Furthermore, the Commission ensured its support to key actions undertaken by individual countries.

Therefore, the European Union’s role is to very strongly inspire and promote corporate social responsibility, among other things, by disseminating related knowledge, experience, good practices and implementation tools amongst all Member States, governmental administrations, businesses, stakeholders, consumers, local communities and non-governmental organisations operating in areas interfacing the economy. Without the European Union’s large-scale action in many countries, especially the newly acceded ones, the CSR concept might have remained of interest for hobbyists only.

The involvement of the European Union and its specialist agendas has yet another major function. Thanks to this involvement CSR is not just a detached idea which may be either accepted or rejected by individual companies. Instead, it has become a significant component of the coherent strategy of transforming the pan-European socio-economic model, based on ethical and civilisational foundations of the human society including business entity communities.

For a long time, the CSR concept has also been promoted by the World Bank. This bank organizes CSR discussion seminars and conferences in various countries as well as comparative studies making it possible to compare CSR awareness and acceptance levels in those countries among managers and other social groups.

An important role in promoting CSR is also played by international organizations such as International Business Leaders Forum and Caux Round Table (the oldest organization of this type, operating since 1984).

3.2. Public, governmental and local administrations

The EU Member States implementing the Lisbon Strategy have engaged their public administrations in the provision of support for the promotion of ethical and responsible business. Most often the leading body is the ministry responsible for social policy and labour, but other ministries responsible for the economy, environment, science, treasury etc. also cooperate; an important role is played by competition protection authorities.

Public administrations' activities implementing the Lisbon Strategy aim at: mainstreaming CSR requirements in the strategies of individual ministries; modifying legislation to facilitate the implementation of those requirements; undertaking initiatives targeted at stakeholder groups operating in the sectors within the responsibilities of individual ministries; coordinating and supporting activities of stakeholder organisations and institutions promoting responsible business. Thanks to the institutions coordinating such activities on the EU level, the direction of work of the individual administrations remains consistent.

Local administrations transfer the programs arising from the Lisbon Strategy onto the local community level, inspire and support the activity of businesses and stakeholder organisations, act as intermediate bodies in national and European programs, and create local partnerships.

3.3. Research centers and academic

A very important role, in a sense the primary one, is played by academic centers. Their role is primary because universities are most frequently the places where reflections on the needs for major social changes become mature. Also, theoretical concepts not contaminated with comprehension concerns become solidified there, as academic centers do not usually put theories into practice

(with the exception of their own entrepreneurial functions). Academic centers develop theories, conduct research, monitor literature, information and events, establish specialist departments and institutes, organize conferences and seminars, carry out publishing activity, issue reports and organize education courses and trainings. It is impossible to overestimate the impact of these activities' ability to shape public attitude toward the concept of corporate social responsibility and on its further development and adaptation to subsequent new challenges.

3.4. Media

A natural group to disseminate the knowledge about CSR is the media, especially industry-specific media. Obviously, it is not easy to convince journalists to cover a subject that is not a sensation or an unusual event provoking strong emotions. The promotion of corporate social responsibility fails to meet these requirements. Yet, in many countries the issue is getting increasing coverage. The media want to be viewed as advocates of their readers' interests and CSR is most likely perceived as a positive value by everyone. Therefore, steps should be taken to ensure interesting source materials for the media to enrich their news and publications. The media may, for instance, present good examples and criticize negative ones, initiate and lead discussions on controversial issues related to CSR, rank and award the best companies and managers in various classifications, organize competitions, publish interviews, summarize and describe documents and larger publications, report on conferences, etc. A common method used by the media is publishing thematic inserts, including specialist guidebooks on the various aspects of CSR.

Apart from industry-specific media, a very important role may be played by local media. Their journalists are probably more likely to become interested in the subject, particularly when related to locally operating companies. Also, trainings in the basic CSR issues more easily attract journalists from local media than from central ones, especially if opportunities to talk to publicly recognized people are ensured. Undoubtedly, as compared with central media, local media is read, listened to, and watched by a much larger share of target audience because subjects close to people's local communities are presented. Copies of local

newspapers are subsequently read by several people which rarely happens in the case of central-level press. Thus, messages placed in local media are more easily received by local communities than messages placed in central-level media.

The media, like most target groups, plays a dual role: on the one hand, it is a target group for CSR-related messages themselves, but on the other hand, it disseminates the messages further. Their role is particularly invaluable in the contacts with consumers – company clients who rarely participate in the works of consumer organizations or become associated in any other groups. To become involved in activities which promote buying CSR products, they must find relevant information in the media. The media is also the most effective instrument of exerting pressure on companies as CSR is, by definition, a voluntary concept and thus no pressure may be exerted by public administration bodies.

3.5. Employers' associations, trade unions, and other non-governmental organizations

The key role among social organizations is obviously played by those which associate businesses, employers, and managers. In the best interests of their members, some of their efforts should be devoted towards gathering knowledge, materials and experts to assist in building modern consciousness among their members.

Employers' associations are the best place for developing programs in the field of conscious building of economic life ethics and the adjustment of its invariable principles for implementation in changing circumstances, both in relations between companies and the external world, and relations within companies.

Employers' associations in individual EU countries and on the pan-European level organize or co-organize various discussion forums, mainly to discuss specific problems with CSR elements' implementation in different conditions and on different scales. They also constitute a good place for exchanging experiences, presenting best practices, summarizing business and social effects, and breaking or bypassing barriers in implementing and applying the CSR principles.

A natural ally and partner in the dissemination of knowledge about corporate social responsibility should, to a growing extent, be trade unions. CSR is a concept that not only emphasizes the well being of employees as a key objective of work of business entities but also one that assumes that employees are conscious co-creators, rather than passive implementors, of economic activities. The concept of employees' increasingly fuller participation in company management is a concept which extends not only onto the objects, but also the subjects of corporate social responsibility. A management system in which employees are viewed as partners and is beneficial for employers in the long term, as it increases employees' commitment and innovativeness, also imposing serious responsibilities on the latter. Therefore, CSR information campaigns and training programs organized by trade unions should emphasize not only the obvious CSR-related benefits for the world of labor, but should also indicate the areas of its conscious participation and responsibility. Thus, on the one hand, trade unions and other representations and organizations of employees should organized with the aim to exert pressure on employers by undertaking their own activities and informing the public; on the other hand, their task or mission is to build among employees the sense and culture of responsibility for the company and the style of its presence in, and relationships with, the external world. There are special social agreements regarding the implementation of corporate social responsibility, concluded between companies and trade unions operating in them. This is a good way to follow.

Very important institutions that should tackle the issue of CSR are social partnerships, the parties to which are employers' associations, trade unions, and representations of governmental and local public administration bodies. Such partnerships are established on different levels (including the international) and undertake various tasks. Some partnerships focus on reconciling the parties' conflicting positions on different issues. For others, the main problem is jointly preparing development strategies for the future. Some partnerships include representations of the three traditional social partners, while others are open to scientific communities, NGOs, and sometimes even religious associations.

In each of the partnership formulas there is a place for joint CSR-promotion actions as the comprehensiveness and complexity of the concept requires cooperation of various groups, organizations and public institutions. As a rule,

the effectiveness and duration of the effects of jointly taken actions must be greater than those actions carried out separately. This does not mean, however, that only joint actions bring real benefits. Each social group has different visions, interests and needs, and knows how CSR implementation measures should be organized in its area in the most effective and responsible way. Also, only representations of individual sectors are able to most accurately describe stakeholders' expectations.

The experience of many countries, particularly Ireland, clearly shows how important social partnerships are in the elaboration and implementation of development strategies and, in particular, in overcoming obstacles along the way. Since, using the game theory applied in economics, it has been demonstrated that economic life, because of its development potential, is not a zero-sum game (i.e. a game in which a participant's gain does not necessarily mean the other participant's loss), acting through social partnerships should have become a rule for all societies aiming to improve their quality of life. Social partnerships dedicated solely to corporate social responsibility also exist (and should probably be developed) social partnerships..

Other social organizations may also be interested in disseminating the CSR concept, regardless of whether they have been established based on interests of different stakeholder groups or just became interested in the subject out of a sense of civic duty and concern for harmonious development of the society in which they live (or of other communities too). Among NGOs which directly tackle CSR problems, there will certainly be pro-environmental organizations and movements as economic activity is the source of greatest risk to the natural environment. From the beginning, the CSR concept assumed stronger environmental protection measures on the side of businesses. The measures that may be used by such organizations include, on the one hand, protests, public opinion mobilization and attracting its attention to situations where nature is at risk; on the other hand, there are attempts to reach businesses, on partnership basis, to disseminate knowledge and present postulates, and to undertake joint pro-environmental projects within CSR. Without pro-environmental organizations, environmental protection problems could have been underestimated and ignored.

Another group of organizations is consumer associations. The quality of

products, their proper manufacturing (ecology, human rights), fair pricing, proper consideration of complaints, fair promotion, advertising and marketing activities are the usual issues dealt with by consumer movements. Based on the implemented CSR programs, these movements could become partners rather than opponents to manufacturers. Companies interested in CSR implementation should themselves seek partnerships with such organizations. The forms of work of consumer organizations, apart from legal assistance and support to consumers, include certification of manufacturers and service providers as well as specific products manufactured and sold in accordance with CSR standards. Consumer associations also organize competitions in which the best companies and products are awarded. A prize awarded by a consumer organization is always more credible than one awarded by an employers' or industrial organisation. Joint debates, conferences and reports of manufacturers' and consumers' organizations working in a partnership better explain the main problems, risks and barriers and help develop advance action programs.

Other organizations whose goals are not strictly connected with the fields defined as CSR application areas should also get involved in CSR projects. These can be, for example, think-tank organizations which generally deal with analyzing and creating concepts connected with problems of the economy, the state or reasons of state. These can be ethics or religious organizations whose programs assume the promotion of principles of ethics in general; also, these can be different citizens' associations fighting for human rights or grouping persons interested in different aspects of the public life. The presence of such associations can be of great importance because of the need to consult CSR programs with the view of overall harmonious socio-economic development; they always have a different perspective and sensitivity than stakeholder organizations. In addition, their participation in the CSR concept dissemination process contributes to learning about, understanding of and developing sensitivity to CSR philosophy in other, sometimes distant social groups. This, in turn, facilitates CSR projects' and activities' harmonization with development programs in other areas of the community life, especially with a view of developing a civilization based on ethical values.

The potential role of churches should not be disregarded either. Many of them have their social doctrines, and that of the Catholic Church is the most

strongly developed. This doctrine is undoubtedly fully compatible with the CSR concept. Certain ideas present in the efforts taken towards corporate social responsibility have been postulated by churches already in the past, as a counteraction to totalitarian and simplified liberalist concepts. Churches have their specialist institutions and research centers dealing with social and economic issues from the point of view of ethics; numerous papers on this subject are known. The churches' activities in different countries, depending on local tradition, influence on public life and willingness to solve the problem may turn out to be very supportive.

4.

Information dissemination instruments

4.1. Web Sites and Portals: Internet as a tool for CSR strategy dissemination

The invention of the Internet has created a completely new situation in social communication. The internet is not only a place where infinite amounts of information, opinions, texts, multimedia and entertainment can be found. The main advantage of the Internet is its interactivity. Using the Internet, people can carry out discussions, exchange opinions and materials; jointly work on reports and papers, etc. The possibilities offered by the Internet have led to the occurrence of a previously unknown social phenomenon: the emergence of virtual communities. People with similar professions, interests, needs, goals, views and sensitivities create forums and community portals where they place required materials and information, collect knowledge in virtual libraries, place comments and papers, discuss and argue, help each other, set up meetings, and arrive at common standpoints.

Web portals such as "MySpace", "Facebook", "GoldenLine", and other national social networking services have become strong competitors for the traditional media in the field of shaping public opinion. The main advantages of

social networking portals are the young age of the users and their strong sense of independence accompanied by an equally strong sense of being a part of the community. Consequently, opinions and attitudes developed via such portals appear to be better justified and grounded than those developed based on the traditional media. Within large online communities of the portals' users, smaller and closer communities are established around thematic groups, specific initiatives, or common attitudes and opinions.

Therefore, it is not surprising that the Internet is also full of large and small pages promoting corporate social responsibility. The various discussion forums on CSR, which develop on the European and national scale, only occasionally meet face-to-face; as a necessity, their daily work is carried out via the Internet. The main institutions and organizations supporting CSR have not only their own websites but also profiles on social networking services. This allows them to contact target group members more directly, almost in person, and to develop communities of supporters of the CSR concept and institutions.

Different teaching courses and trainings can find the international computer network to be an extremely important support tool: from 100% e-learning courses, through the Internet's use for team homework assignments and transfer of materials, up to holding examinations. The community of people and institutions promoting CSR may not disregard this tool since CSR as a field of knowledge and activity has to be based on and increase of trainings and qualifications to a large extent.

Also, a newsletter system forwarding latest information and smaller publications to addressees via e-mail can be the best way of maintaining regular contacts between any size group of people, and ensuring the dissemination of current knowledge on CSR and related events.

The network still seems to be a tool that is underused in actions promoting CSR attitudes and measures. The institutions and communities working in this field should use their imagination and creativity to develop more effective methods of using the Internet for CSR-related purposes.

4.2. Conferences on the key role of CSR (in business operations)

Since the beginning of the organized CSR movement, among the most important and most frequently used tools there have been different conferences, seminars, and round tables. The CSR concept is an object of scientific discussions and interest of international organizations, various national institutions and public authorities, employers and employees grouped in their organizations, local governments, citizens' movements, and others entities which take part in the life of the society. Conferences are the places of meetings: both the inter-community ones and the ones addressed solely to specific stakeholder categories. Obviously, theoretical knowledge can also be gained by reading conference materials, without being present at the meeting. However, the strength of each conference lies in the possibility to compare the participants' opinions and to find out about the latest trends and achievements in science. Direct participation in a debate provides an opportunity to develop stronger arguments or to verify one's opinions which may be incorrect or based on wrong assumptions. During conferences, new approaches and ideas are often born and contacts are established which are often followed by further cooperation. Conference organizers frequently ask the participants to fulfil some task, solve a problem, develop a new concept, or overcome a barrier. In such cases, the very process of preparation for a conference may bring effects in the form of new solutions which are refined during the event.

There is also an important psychological aspect. While participating in an event together with many wise people who accept and are able to justify a given view, everyone can assimilate it more easily and fully ourselves. This is of great importance for conference participants who can carry the idea further. Being aware of the existence of an external positive reference group whom participants had an opportunity to meet at the conference, they more confidently carry its message and use more accurate and courageous arguments in debates with possible opponents or sceptics. Conferences may, of course, be of different types. They may be purely scientific meetings in which theoretical problems are discussed; they may be focused on the exchange of experience and best practices; they may have the form of working meetings in which new concepts

and implementation programmes are developed and important documents are discussed; they may also be debates aimed at the transfer of knowledge and dissemination of new ideas amongst groups not yet familiar with them.

All types of conferences contribute to the dissemination of knowledge on CSR, although the latter ones most strongly.

4.3. Reporting: reports as a tool for disseminating information

Reporting is one of the main tools for implementing corporate social responsibility. A report is usually an annual review of what has been done in the company in the field of CSR. A report should include, among other things, a description of the company; information about management solutions and labour relations as viewed from the perspective of responsible business assumptions; a description of the relationships with stakeholders; a report on various actions in which the company took part; a summary of sponsorship and charity actions; a presentation of the company's results together with an attempt to determine the relationship between them and the CSR assumptions' implementation process. The regular issuing of such reports (e.g. every year) makes it possible to follow the effects of the adopted strategy.

Such reports are addressed to the general public so that it can understand and evaluate the companies' efforts. Yet, they are also of great significance for the companies themselves. CSR management description in the reports allows the management and employees to better understand the logic of the company operations as well as its strengths and weaknesses, thus making it easier to get involved in the required corrective actions and in further developing the positive solutions used.

Reports are also a basic tool for evaluating individual companies' involvement and creating company rankings. Such evaluations and rankings are most often compiled by international organizations and specialized national ones. Yet, to allow such comparisons, the reports have to be comparable. For this reason, a number of relevant international standards and guidelines have been developed by various institutions (Global Reporting Initiative - G3, AccountAbility - AA

ISO 1000, ISO 26000, Social Accountability International - SA8000). In addition, the inherent features of CSR are fairness and openness of information. Therefore, the reports should be drawn up with full honesty and should also take into account weaknesses and failures. Such an approach is also beneficial for the company, as only an honest report makes it possible to take effective corrective action. To increase the credibility of their reports some companies contract external experts to help review draft reports and cooperate with stakeholders, an additional benefit of which is the opportunity to better understand their concerns and expectations.

Not all companies implementing CSR programs issue reports on those activities, as the general public is not always interested in them, since they are not used to the publication of such reports. Instead, information on success in the field of CSR is often attached to companies' press releases, advertising materials and other presentations. One method of increasing the interest in CSR reports is to select only those issues which are of greatest importance for the company and stakeholders based on agreed scales. 80% of the world's largest corporations, however, carry out regular and comprehensive reporting on CSR, as this entails many more benefits than just a message addressed to the general public aimed at improving the company's image. Thus, if a company intends to seriously transform its organizational behaviour and culture towards CSR it should necessarily prepare regular reports without being concerned with their small direct marketing effect.

4.4. Membership in national and European organizations and societies

Membership in international and national organizations and associations promoting corporate social responsibility is very helpful for companies. Some of those organizations have already been mentioned in the previous chapters. Membership in them, on the one hand, brings benefits like the access to current information, possibility to participate in conferences and trainings, and access to specialist materials and technical and organizational assistance. Mobilizing and motivating companies through competitions and comparisons of results, and

inspiring them through the exchange of experience and good practice, is also of significance. On the other hand, being members of such organizations the companies may present their achievements, express their expectations and postulates and influence the directions of common work, research, and documents in accordance with their own visions.

Organizations that group companies or companies and stakeholders prepare collective reports presenting CSR development in a dimension exceeding beyond single companies.

5.

The role of universities and manager training programmes in the dissemination of information on CSR strategy

5.1.The role of universities:

5.1.1. Institutionalization of CSR as an academic subject

For a long time already, numerous universities of economics have been teaching the subject of business ethics. Corporate social responsibility, as an initiative in many aspects broader and more practical and requiring interdisciplinary approach, also requires well-educated experts. The study of business ethics as such, although necessary, is not sufficient in this case. Therefore, some universities and research institutes establish departments and other auxiliary units to deal with corporate social responsibility. CSR is also being introduced as a subject of teaching. Students are thus given the opportunity to specialize in corporate social responsibility and they may expect to professionally deal with the subject in the future, working either for institutions promoting and disseminating CSR related knowledge or as CSR representatives in larger companies. Those students who plan to deal with other aspects of economic activity in the future are given the possibility of gaining thorough knowledge of CSR issues, as in the contemporary world it is increasingly difficult to imagine an economist or manager having no idea about problems in this field.

Issues related to corporate social responsibility should also be taught at universities and departments having no direct connection with economics and management. This is because different walks of life somehow touch on these issues and thus sociologists, political science specialists, environmental protection specialists, teachers, journalists and governmental and local administration officers should have an understanding of CSR. Their teaching does not have to be so specific as in the case of persons directly dealing with the economics sector; yet, if CSR is to become a significant standard for modern states and societies, the scope of its teaching should be extended. At present, unfortunately, academic centers constituting a very important tool for promoting CSR awareness are used in a way that is strongly unsatisfactory, although there are some universities that are exemplary in this respect.

5.1.2. Open courses and trainings for lecturers and students

Regular university courses are not the only form of work of universities. Where CSR has not become a subject of teaching, academic students and teachers can be sensitized to the issues by incidental events, courses and trainings which may be conducted by experts from those universities and faculties where the study of corporate social responsibility is carried out. Also, other events, undoubtedly more attractive for academic students, may be organized, such as various academic debates, discussion seminars, conferences, social weeks and, most preferably, scientific camps.

Universities are also a unique reservoir of experts and teachers to organize training for external environments. The training activities may include courses organized by universities themselves, in cooperation with other institutions and organizations, or by external entities in which case the role of universities is limited to the provision of scholars.

5.2. The role of manager training programs:

As already mentioned in the previous chapters, managers are the people most strongly responsible for the effective and sustainable implementation of CSR standards. The effectiveness of their work depends on the degree of their preparation and knowledge, on the place of CSR issues in the hierarchy of the managers' objectives, and on the company's social conditions with which the managers have to cope. The most direct tool for preparing managers to implement tasks in the area of CSR is dedicated manager training programmes. Even those who have already undergone an academic course in CSR will find many new elements in such trainings; the scope of CSR is so broad that each course containing new material will surely be very useful. The courses, except for transferring theoretical knowledge, should teach practical aspects by analyzing specific good practices and by carrying out group exercises aimed at solving specific problems, either real or invented especially for the purpose of the exercise. In another type of exercise, each of the participants may be asked to convince a skeptical person that the promotion of CSR is a task that is worth undertaking. If they find and use arguments for themselves, they are far more important to us than if they hear them from someone else. Similarly, finding a solution to a specific problem by yourself helps people more daringly approach other problems that may possibly occur in the company.

Entities which organize the courses may include different institutions, from public authorities, through academic centers, various CSR organizations, federations and forums, employers' associations, up to specialist companies operating on the commercial basis. The same applies to the financing of the courses: it can be ensured by the European funds, public authorities, employers associations or organizations and institutions which organize the courses; the costs may also be fully covered by the participants.

The courses may take different organizational forms, from the most popular one- or two-day trainings, through a series of meetings, up to more extensive courses similar to part-time or post-graduate studies.

The courses should differ in terms of content and teaching methods, depending on the target audience. If the course participants are managers from global corporations, the CSR issues must be discussed and practiced in a different context than if the participants come from small and medium-sized companies; more universal programs also have to include trainings open to private individuals. Trainings organized for managers from different companies (exchange of experience, presentations of different aspects) will have different advantages than those addressed to single company employees (then, the company's specific problems must be taken into account). While organizing courses for smaller company managers and private individuals, attention should be paid to seeking co-financing by institutions which have relevant sources of funding available. Large corporations and companies can more easily finance the courses with their own budgets.

6.

Summary

Activities disseminating the CSR concept and information about it are necessary because of the newness of the field and its yet insufficient knowledge among managers and stakeholders.

The attitudes characterized by the lack of corporate social responsibility, which are rooted in early capitalism and bureaucratic approach to the economy, should be overcome by making the target groups aware of the significance of the issue and the numerous benefits of this approach.

The dissemination of knowledge should be done by way of dialogue between different stakeholders and should take into account the specificity of the individual target environments, including mainly entrepreneurs and company employees, but also different stakeholders, consumers, local communities where the companies operate, and organizations dealing with CSR issues.

Institutions which disseminate knowledge about corporate social responsi-

bility include international organizations, the key ones being the United Nations (UNDP) and the European Union, as well as various levels of national administrations, organizations and federations of employers, employees and stakeholders, other non-governmental organizations, research and academic communities and the media.

The tools used to disseminate CSR-related knowledge include, among others, the Internet (organizations' websites and social networking services), conferences, reports drawn up by companies and organizations, as well as various studies, courses, and trainings addressed mainly to managers.

This handbook aims to help and encourage companies to adopt a CSR approach in their strategies and in their practices. Naturally, it should provide its readers with some kind of instrument to assess their own state regarding the CSR knowledge and adoption levels. This manual presents two different tools with different objectives: the first aims to assess an organization's attitude towards CSR, while the second one seeks to measure the level of CSR practices adoption.

The first tool is inspired by the works of Maignam, **Ferrel and Hult**¹ and is based on a set of questions regarding 4 different areas of CSR: Economical, legal, ethical, and altruistic. The following table, using a 5 point scale, will help with the assessment of the attitude towards CSR:

For the following statements, please indicate the extension to which the practices apply to your company, according to the following scale:

1 Does not Apply	2 Slightly Applies	3 Partially Applies	4 Strongly Applies	5 Completely Applies
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¹ Maignam, I., Ferrel, O. and Hult, G. (1999), "Corporate Citizenship: Cultural Antecedents and Business Benefits", *Journal of the Academy of Marketing Science*, vol 27, 4, 455-469

	1	2	3	4	5
Economical					
1. There are well defined procedures to use to address customer's complaints					
2. We try to continuously improve the quality levels of our products and services					
3. We use customer's satisfaction as an organizational performance indicator					
4. We have been successful in the maximization of our profit					
5. We are concentrated in reducing our operating costs					
6. We control our employees' productivity levels					
Legal					
1. Top management strategies are clearly long term oriented					
2. Managers are well informed about relevant environmental laws					
3. All of our products and services comply with legal requirements					
4. Our contractual obligations are always honored					
5. Our managers strive to uphold the law					
6. We do our best to act in accordance with the laws governing the hiring and employee benefits					
Ethical					
1. We have programs that promote diversity in our workforce (in terms of age, gender and ethnicity)					
2. There are internal policies to prevent discrimination between employees with regard to salaries and promotions					
3. We follow a code of conduct					
4. Employees follow procedures and professional standards					
5. The top management controls the potential negative impacts that our activities have on the environment					
6. We are recognized as a trustworthy organization					
7. Coordination between employees and business partners is an element of employee performance					
8. There is a confidential procedure for employees reporting misconduct (such as stealing or harassment)					

	1	2	3	4	5
9. The salespeople and contact employees have to provide complete and accurate information to all customers					
10. The salaries offered are similar to the industry average					
11. There is support for workers who want to improve their personal education					
Altruistic					
1. Workers are encouraged to participate in surrounding community civic organizations					
2. There are flexible policies that allow workers to coordinate their work with their personal life					
3. The company donates to the surrounding community					
4. There is an internal program to reduce energy consumption and material waste					
5. We encourage the development of partnerships with local organizations and schools					
6. We support local sports clubs and cultural activities					

Users should calculate the overall average and the specific average for each area and the results will give basic but important information on management performance and attention to each area of responsibility. As we progress from the economical to the altruistic areas, the evolution of the averages will give a good idea of the organization's attitude towards CSR. If we start from a high average on the economical part and it decreases as we move towards the altruistic part, it means a poor approach on CSR. On the contrary, the maintenance or increase of the averages would mean that CSR is faced seriously in this organization.

In general, if the averages are balanced it means that the management gives equal importance to all the stakeholders' interests. Therefore, when all the interests are protected, it can be said that sustainability can be achieved and that a true CSR attitude prevails in the organization's management.

While the first tool is oriented towards attitudes, the second tool is based on a set of practices suggested by the ETHOS INSTITUTE² and allows the assessment of the level of the adoption of CSR practices. The practices presented on the following table are based on the practices towards the different organization's stakeholders and allow several conclusions to be drawn about this adoption:

In the following options, please indicate the extension to which the practices apply to your company, according to the following scale:

1 Does not Apply	2 Slightly Applies	3 Partially Applies	4 Strongly Applies	5 Completely Applies
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² Instituto ETHOS de empresas e Responsabilidade Social, <http://www1.ethos.org.br>

	1	2	3	4	5
Economical					
1. The company has a written document that explains which behaviors are encouraged in personal and business relationships.					
2. The company prohibits the practice of irregular payments or receipts that aim to facilitate business, influence decisions or assure undue concessions.					
3. The company includes, somehow, the way of an ethical and transparent relationship with the government					
4. The company's social balance is available					
5. The company has a clear separation between the business owner/ shareholder and the organization (including issues related to social responsibility and donations).					
6. In addition to fulfilling their legal obligations, the company focuses on offering its employees a pleasant and safe physical environment that meets the requirements of hygiene and health and is open to comments and suggestions about these aspects					
7. The company provides additional social benefits that extend to the employee family (e.g. health insurance, counseling on prevention of diseases					
8. In the hiring of professionals, the company makes clear the objective criteria that will be used in candidate selection (e.g., education experience and knowledge required).					
9. The criteria used in selecting staff is free from discriminatory practices in relation to any of the themes: gender, race, sexual orientation, age and religious or political beliefs, and the disabled					
10. The inclusion of people with disabilities in the labor market and consumption is increasing. The company's premises have features (eg, ramps, safety signs, traffic lights and sound in areas with vehicles or machinery) that facilitate the displacement and coexistence of people with physical disabilities, both auditory and visual.					
11. The company believes that the employee is entitled to participate in trade unions and professional associations and allows trade union representatives to discuss issues concerning the interests of employees.					
12. The company appreciates and encourages the professional development of its employees					
13. The company facilitates access to information as a form of personal and professional development of its employees.					
14. The company knows, understands and evaluates the impact of their activities on the environment, maintaining reports and records (e.g., emissions, energy and water consumption).					

	1	2	3	4	5
Economical					
15. The company seeks to implement measures to preserve the environment					
16. The company promotes education to their employees and the community as an effective way of reducing environmental damages					
3. The company includes, somehow, the way of an ethical and transparent relationship with the government					
17. When initiating a new supplier relationship, the company assesses whether it has social responsibility practices beyond the presentation of good commercial offers					
18. The company constantly checks the conditions offered to employees of its suppliers					
19. The company is seeking to guide the suppliers to follow and implement the principles of social responsibility, if possible.					
20. The company tries to find suppliers like small producers in cooperatives and associations (e.g. cooperatives, artisans, business incubators, micro and small enterprises).					
21. The company has a formal channel of communication with its consumers / customers (e.g. suggestion box, contact phone number).					
22. The company analyzes the questions, suggestions, and complaints and uses them as a tool to improve their activities.					
23. The company assesses its customers satisfaction and, based on results, implements improvements to its products, services, or practices.					
24. No processo de comunicação (contratos, propagandas), a empresa evita utilizar conteúdo enganoso ou que induza o consumidor/ cliente a erro de entendimento.					
25. In the communication process (contracts, advertisements), the company avoids deceptive contents or misleading messages.					
26. The company focuses on always being in contact with the surrounding community, seeking to minimize the negative impacts that their activities might cause.					
27. The company adopts practices that benefit local development					
28. The company encourages volunteering by its employees					
29. The company has adopted at least one organization in its community and involves a network of contacts in the organization's favor.					
30. The company and the organizations it benefits maintain a frank conversation about the role of each of the partners					

	1	2	3	4	5
31. Corporate social responsibility must be seen as a way of managing the business and profit part of success, whose interests must be reconciled with those from the shareholders					
32. As a result of the activity in the surrounding community, the company expects benefits for business.					
33. The company seeks to participate in organizations integrating other entrepreneurs (e.g., business organizations, trade associations, regional forums).					
34. The company is careful about its involvement in political campaigns.					
35. The company informs its employees about the importance of participating and monitoring the government activities (e.g., participatory budgeting and public hearings)					
36. Where necessary and possible, the company collaborates with the improvement of public spaces in its area (e.g. schools, health clinics, parks and green spaces).					

This tool can be very helpful in the analysis of the way an organization relates to its stakeholders. Using this instrument, once the average is calculated, a direct conclusion can immediately be drawn from the final result. However, a more careful analysis will allow the organization to identify specific stakeholders that can be underweighted or over weighted in the organizations attention. Moreover, the scale presented here can be adapted to any specific organization or to any specific kind of stakeholder. It means that once the stakeholders are identified and the engagement approach is defined, new specific items related to any specific stakeholder can be added, and the final results will be enriched.

These two instruments, even if they look similar, allow complementary analysis and conclusions. They provide the framework to assess organizations' attitude and adoption level of CSR and CSR practices. This CSR self-assessment, together with the other chapters of the handbook, are expected to help and encourage organizations in general and SMEs in particular, take a new approach to CSR, have a change of attitudes, and to integrate CSR in their strategies and in their current practices. We are convinced that this will give a serious contribution to the companies' competitiveness, performance, and sustainability, as well as contributing toward a more balanced society and a better world.