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## Corporate stakeholder management

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### Abstract

Stakeholder relationship management is currently regarded as one of the success factors for strengthening companies competitiveness. Each stakeholder group has its specific claims against the company that are often contradictory in relation to overall corporate objectives. Primary data collection was focused on identifying company goals and the company's stakeholder approach, defining stakeholders' typology, clarifying the quantitative indicators for stakeholders' requirements in each stakeholder group, and describing policies to resolve conflicts between the company and its stakeholders. Field research was evaluated with the Multi-criteria decision analysis method, specifically Analytic Hierarchy Process. Result is evaluation of the individual primary stakeholder groups' importance and hierarchy of their acceptance criteria.

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### 1. Introduction

Business management and the maintenance of long-term prosperity in the modern socio-economic conditions are becoming ever-more difficult. The 21st century has brought a number of qualitative and quantitative changes which companies must face over the long-term. According to Drucker (2002), no institutions – thus, no company lives in isolation and exists in and of itself. If an enterprise is to fulfil its function, it must exert an influence on other entities, for instance people, communities and the like. In this new society, enterprises must continue, in addition to their basic orientation on the quantitative aspects of life, to also take into consideration the qualitative aspects, that is

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to say, to the material, human and social environments of modern man and modern society. In the sense of the given facts, there is a growing emphasis in business being placed on respecting Corporate Social Responsibility (further only CSR) principles. The CSR concept is characterized by its going above and beyond the legislative framework. It represents added-value and the implementation of managerial visions which go beyond the necessary legal framework (Trnková, 2004). The application of the concept in essence means creating positive business attitudes towards its environment. Further, this has to do with changing the enterprise's attitudes towards its short-term business objectives – oriented on the size of the profit, to long-term aims, which not only ensure the economic growth of the enterprise, but also the environmental and social aspects of its activities. The success of an enterprise is then, given by the values created in all of the designated areas. The manifestation of CSR is an open dialogue with all stakeholders (interested parties) who influence the operation of the enterprise. The importance of a responsible approach to the business stakeholders themselves as reliable partners should be emphasized (Hušek, 1999).

## **2. Theoretical Foundations**

### *2.1. The Stakeholder Concept of an Enterprise*

The Stakeholder Concept of an Enterprise began to be fully developed in the second half of the last century. The first to deal with the issue of stakeholders in the context of the organization's existence was the Stanford Research Institute in 1963. In addition, Freeman developed a significant Stakeholder Approach to Business in his work: "Strategic Management: A Stakeholder Approach" in 1984 (Friedman & Miles, 2006; Freeman & Harison, 2007). In it, he formulated the now well-recognized as classic definition of Business Stakeholders, in the sense that these are "a group or individual who can affect, or be affected by, the fulfillment of the objectives of the organization." (Friedman & Miles, 2006). Freeman is considered to be the founder of a concept that acknowledges the existence of stakeholders in relation to business practice. These have been, and continue to be further elaborated and developed by many authors. In principle, stakeholder access to companies (and organizations in general) has been developed into a Strategic, Prescriptive or Descriptive Approach.

The Strategic Dimension of understanding business stakeholders in its narrowest sense stresses that the company's stakeholders are strong entities of strategic importance, with the ability to influence the organization's existence. The strategic dimension of understanding enterprise's stakeholders focuses its attention on the analysis of the relationship between stakeholders and management and the economic results of the company. Freeman and his concept of business stakeholders is representative of this approach.

The Normative Dimension defines stakeholders by using social norms. It is rather, more focused on the ideals of Social Responsibility and Social Organizations. In a narrower sense, groups that have legitimate claims against the organization and an important responsibility are considered as stakeholders. In a broader sense, all existing entities around the company are considered as stakeholders. Peterson & Donaldson (1995) are prominent representatives of the Normative Approach, where the significance of managers and their roles in the company builds on moral and philosophical principles. For them, the legitimacy of stakeholders and alignment of organizational values with behavior in accordance with the company standards is essential. Normative Approaches, rather than concentrating on the management of stakeholders' relationships, tend to engage in a dialogue with them (Friedman & Miles, 2006).

The Descriptive Dimension is oriented on the description of individual stakeholder's cooperative and competitive interests.

Differing approaches to stakeholder concepts have led to the emergence of a variety of Enterprise Stakeholder Models. The models mainly differ from each other by the sum of stakeholder types, or the view upon their arrangements with respect to the company. Among the most well-known are variously modified models of the Primary and Secondary Stakeholders of the enterprise. Traditionally, employees, shareholders, customers, suppliers, communities are considered to be the enterprise's Primary Stakeholders (Freeman & Harison, 2007). These are those stakeholders who have an interest in the creation of an enterprise's value. Actors in the wider business environment including the competition, the government, the media and other specialized organizations are considered to be Secondary Stakeholders.

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