Corporate Social Responsibility
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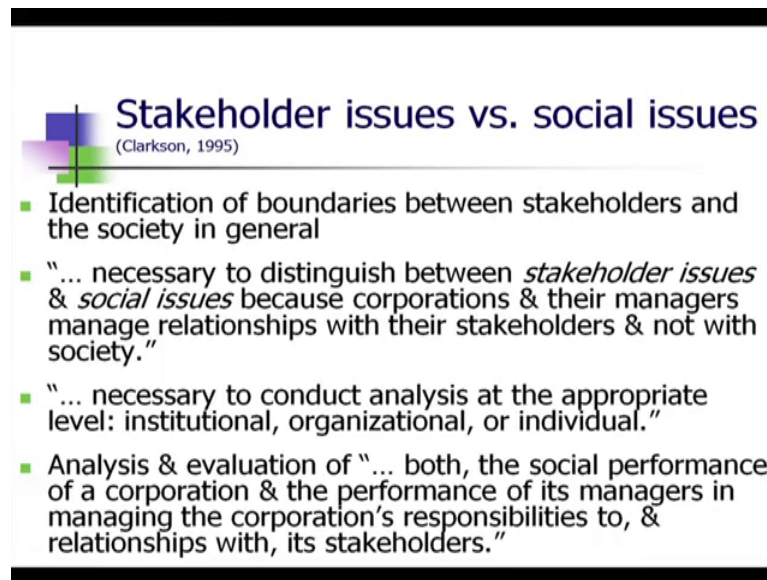**Lecture - 15**
Stakeholders and CSR

Welcome back to the MOOC course on corporate social responsibility my name is Aradhna Malik and I am helping you with this course, and in the previous class we were talking about stakeholders and we talked about what stakeholders what the stakeholder approach is. Now in this particular lecture we will discuss how stakeholders and CSR are related, what is the connection between stakeholders and corporate social responsibility.

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Stakeholders and CSR this is from a seminal paper by Clarkson in 1995. I will give you all these references I will give you everything you know alongside your slides you will have access to all is information ok.

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Stakeholder issues versus social issues; it is very important to understand how stakeholders and you know how these two issues defer.

We were talking about drawing boundaries around stakeholders; it is not about the whole society in general it is about demarcating the boundary between stakeholder and social issues. So, it is the identification of boundaries between stakeholders and the society in general. It is necessary to distinguish between stakeholder issues and social issues because corporations and their managers, manager relationships with this stakeholders and not with everybody in the world. Not with the society, it is with those people who are in affected those entities that are being affected by the organization, that is quite a large part of the society in general, but one cannot satisfy everybody. So, that is where CSR comes in you know who is the organization responsible to we talk about corporate social responsibility is a computer manufacturing company responsible, to the street dogs and cats on the road maybe not I do not know. I do not want to hurt anyone's feelings I do not want the s p c a the society for prevention of cruelty to animals coming after me that is not the intention here.

But is it the responsibility of this organization to look after the welfare of these street dogs and cats on the road. I do not know, maybe a pet food manufacturing company can do a better job of looking after the stray animals on the road maybe they can help out, but that expectation should not be here. So, you know and again, it is not the expectation of

the society it is also what the company things it should do some lines have to be drawn. It is necessary to conduct analysis at the appropriate level institutional, organizational or individual. It is absolutely essential to understand what these stakeholder issues are at the institutional level, we have talked about this earlier at the level of the organization and at the level of individual workers of the organization. Analysis and evaluation of both the social performance of a corporation and the performance of its managers in managing the corporations responsibilities to and responsibilities with its stakeholders.

So, the social responsibilities where does one draw the line, the primary responsibility of any profit making organization is to make money. They need to make money to stay in business, we were talk about corporate social performance and financial performance I told you we will have a discussion on that. Where does one draw the line, how much do we give, why do we give that much and for what cause what we will it help us establish is there some way of overlapping these things one does know. Individual organizations are struggling with this where do we draw the line between fulfilling are fiduciary responsibilities to our stakeholders fiduciary means related to the money aspect the financial responsibilities and the our responsibilities to the society in general, and those lines needs to be drawn very very clearly.

So, these things to be analyzed we need to be evaluated and then and understanding needs to come up ok.
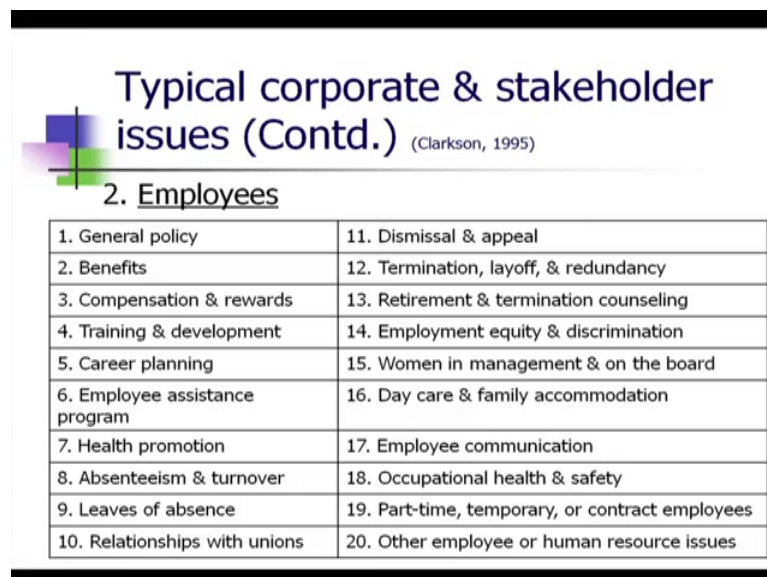
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Typical corporate & stakeholder issues (Clarkson, 1995)

1. **Company:**
   1. Company history
   2. Industry background
   3. Organization structure
   4. Economic performance
   5. Competitive environment
   6. Mission or purpose
   7. Corporate codes
   8. Stakeholder & social issues management systems

Now, Clarkson has given us a very nice very comprehensive list of typical corporate and stakeholder issues. So, as far as the company is concerned the issues that the company phases or the issues related to the company or company history, industry background, organization structure, economic performance competitive environment mission of purpose, corporate codes stakeholder and social issues management systems, the systems that are employed for the management of stakeholder and social issues. Typical corporate and stakeholder issues at the level of the employees; general policy benefits compensation and rewards training and development, career, planning, employee assistance program, health promotion absenteeism, and turnover leaves of absence relationships with unions dismissal.

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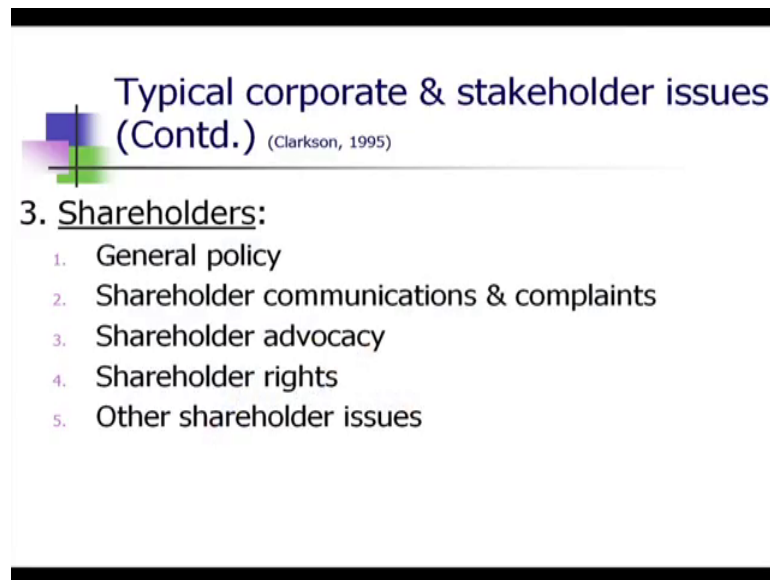## Typical corporate & stakeholder issues (Contd.) (Clarkson, 1995)

2. Employees

1. General policy	11. Dismissal & appeal
2. Benefits	12. Termination, layoff, & redundancy
3. Compensation & rewards	13. Retirement & termination counseling
4. Training & development	14. Employment equity & discrimination
5. Career planning	15. Women in management & on the board
6. Employee assistance program	16. Day care & family accommodation
7. Health promotion	17. Employee communication
8. Absenteeism & turnover	18. Occupational health & safety
9. Leaves of absence	19. Part-time, temporary, or contract employees
10. Relationships with unions	20. Other employee or human resource issues

And appeal termination layoff and redundancy retirement, and termination counseling, employment equity and discrimination women in management and on the board, daycare and family accommodation employee communication occupational health and safety, part time temporary or contract employees other employee or human resource issues.

So, various issues again this list is not exhaustive, but it is very very comprehensive it takes into account a lot of different issues, that concern the organization. And you can see this scale at which the organization is dealing with these issues massive, every organization has to deal with most of these issues if not all these issues.
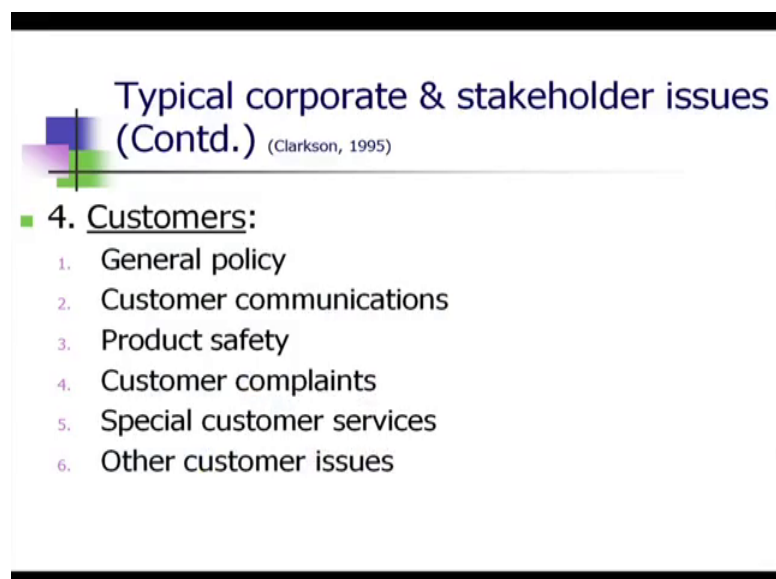
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At the level of the shareholders the issues are general policy of the company, share holder communications and complaints what you tell the shareholders about the money they have invested, what if they have complaints how do you handle those complaints shareholder advocacy shareholder rights other shareholder issues. So, various things that the company has to deal with, these are the issues that need to be focused on by the organization.

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Customer's general policy for customer's, customer communications how do you inform the customer about your product or service.

One very significant thing that I have noticed these days is when you go to by and implement you know in the earlier days when so many choices were not there, these instruction manuals used to be model specific these days they are not model specific. There is one instruction manual it has everything. So, the photograph any instruction manual does not match here equipment and that is sad, but nobodies questioning it why because the answer to every problem is available through baba Google dev I mean google so, nobodies questioning it. So, it is the information that is given to the customer now legally it is probably well within the legal requirements, but from the users perspective a for a lot of things we have seen that the information is not model specific and the photograph does not match, but it is its alright. So, various things.

So, you know what do you tell your customers which phone number you do give them if you have a complaint please call us this number, and I have recent experience with some internet with some e commerce company they had listed their email address and phone number I send them to a three emails about something I was concerned about they did not respond. So, I called them up and they the answering machine answered and even though I was well within the time that had been listed there was nothing. So, I left the message and the next thing I knew two days later, the phone number had been removed from the website of the organization. Now what is what information is the customer getting? You give the customer some information that it is not so, easy to do that in the they no through print information, but online click of a button the required information is gone you keep sending emails, they will respond to you in due course of time.

So, again you know these are some of the issue and of course, you know we started listing all the complaints we had with e commerce companies, I am sure the list would flood the forum, but this is something that the company has to manage many times the complaints may be genuine sometimes the complaints may not be genuine and we still have to respond. Let us take the example of this course the forum has your teacher I am obligated to respond to every very that has been posted on the forum, I am obligated to read and mark every query as having been read and responded to it is my personal responsibility and this is at a very small scale. So, all the teachers are doing it for all of their students just imagine what a manufacturer has to deal with and all of these things

come in stakeholder issues. Product safety customer complaints you know how do ensure product safety; batteries cell phone batteries exploding you heard about that.

Power banks exploding we heard about that. So, you know how do ensure batteries regular cells dry cells excluding. So, how do you ensure all this? So, you know customer complaints how do you handle complaints of customer special customer services, you have customers that need specially systems especially in the service industry, the there they need to be special services for customers, to cater to the special needs of the customers the elderly the differently abled customers. So, you know how do you catered to those and all of those things also need to be managed by the company, other customer issues. So, that is the scale at which the organizations dealing with things.

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Supplier's general policy relative powers of the suppliers over the organization other supplier issues public stakeholders.

This is where CSR comes in, corporate social reasonability public health safety and protection conservation of energy and materials, environmental assessment of capital projects. Other environmental issues, public policy involvement community relations IIT Kharagpur big huge organization in a town called Kharagpur; there is a world outside the walls of our organization also. And routinely you know we make sure that we keep in needs of our community in mind. Even though there is a boundary our students go through the national service scheme and serve the villages around the IIT area that is one way of building community relationships people know IIT for the good work it does two thousand students sorry 1 to 2000.

One to 2000 students I do not know the exact number I am sorry, but one to two thousand students are involved in the NSS effort take go out every week and they go and serve the villagers every weekend. So, that is one way of building community relationships yes we are there we have big, we have huge, we have a wall, you need to drive around this big wall you could have taken a shortcut, but you cannot you cannot drive through the campus, but because we have so many resources, we have so many hands, we are sending our staff to you to find out how we can help you.

So, that is one way. So, relationships with the community; social investment and donations investing your time, money, energy resources and physical donations to the community, you have an old clothes collection drive, you have an extra medicines drive,

if you have medicines that you not using that are not expired please donates them something like that. So, they can be used for the poor. So, that kind of thing so, or you know it is not only, but the disadvantaged sections of the society it is also about helping the society, it is also about doing something maybe having some kind of a partnership with the community outside your campus walls. So, you know social investment we invest in the activities of the community and we donate as far as possible ok.
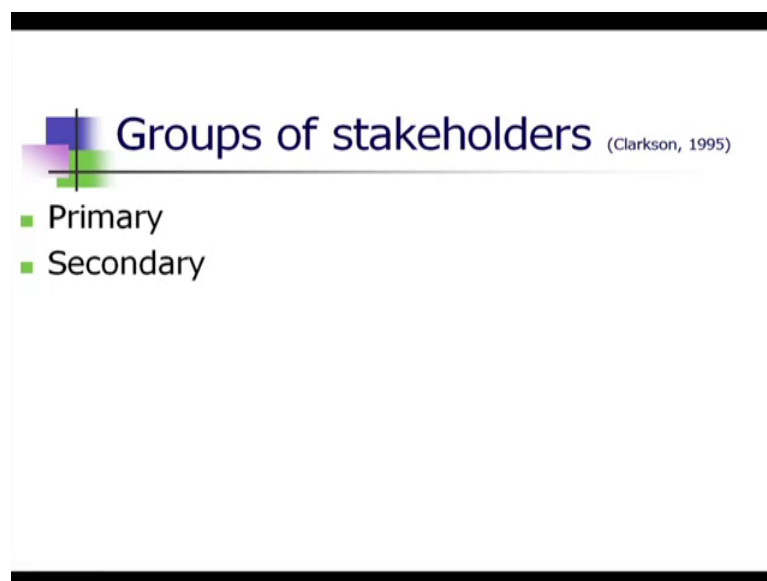
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Now difference between stakeholder and social issues is, that social issues are developed over they become issues after period of time and they could be at the level of the municipality, the state or national level and social issues are those issues that require the enactment of legislations or regulations developed over a period of time by a particular society.

That is what Clarkson says, now in developing countries this many not really hold good. But companies when we talk about their CSR efforts the first step towards CSR efforts is to ensure legal compliance what does the government want to want us do to. In doing so, they also satisfied the normative requirements of the company, we are a good company we are doing what the organization expects us to do we are doing what the government wants us to do, needs us to do, legislates that we do and we are also doing good for the society. So, they try and combined these three. Stakeholder issues no such legislation or regulation, but the organization identifies it and considers it necessary the list of

stakeholders. Yes when we talk about the different kinds of issues you know we identify all of these we identify the stakeholders we see what their issues are you know may be discrimination knowledge written, but then company policy it is a requirement.
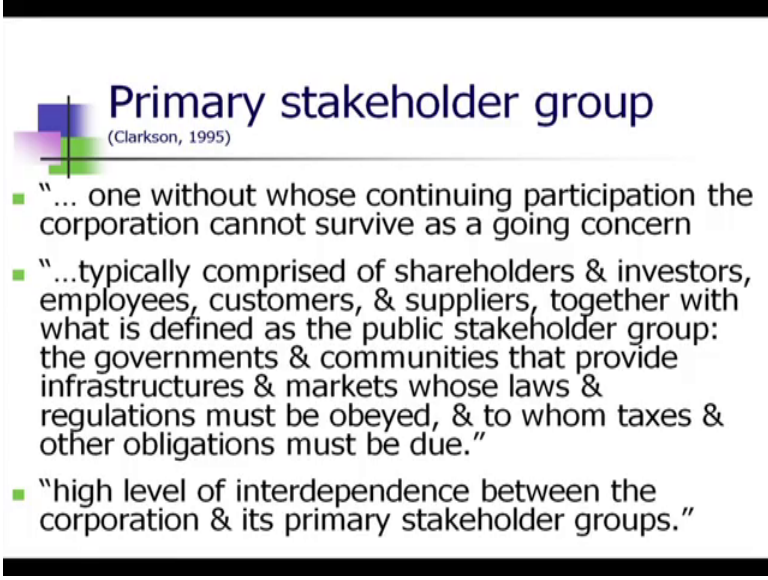
So, we try and make it as good as possible which we or as easily understandable as possible and we will let the stakeholders feel that they have a say in the organization. So, we give them that opportunity and that is something that the company does on its own ok.

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Groups of stakeholders we have two main groups Clarkson has identified two main groups of stakeholders. the primary stakeholders and the secondary stakeholders.
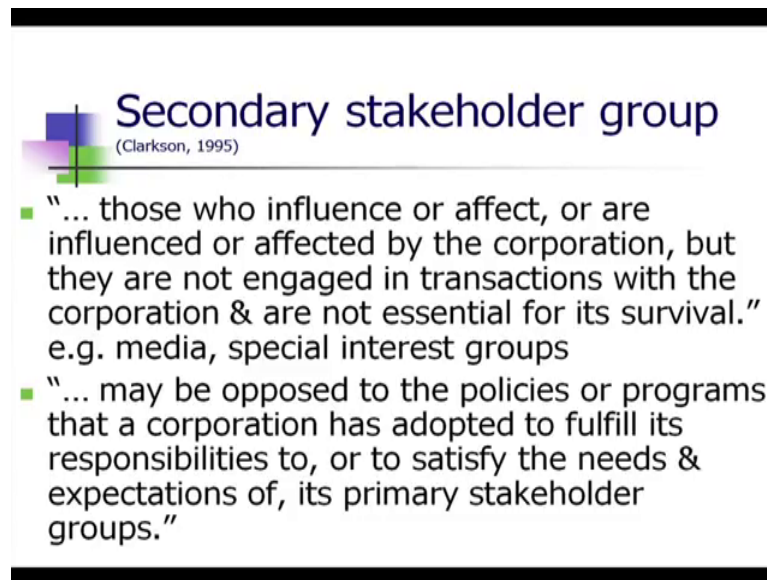
Primary stakeholder group is one without whose continuing participation the corporation cannot survive as a going has a growing concern. I am sorry this should be a growing concern, it is typically comprised of shareholders and investors employees customers and suppliers together with what is identified as the public stakeholder. Group the governments and communities that provide infrastructures and markets whose laws and regulations must be obeyed and to whom taxes and other obligations must be due.

So, these are the primary stakeholders with which the organization has a higher level of interdependence and cooperation, and these are the people who are directly affected by what the organization does.

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These are groups the secondary stakeholder group is the group of those who influence or effect or are influenced or affected by the corporation, but they are not engaged in transactions with the corporation and are not essential for its survival; for example, media, special interest groups etcetera. So, these are the groups that are not really connected to the organization, but they are trying to influence or affect the organization. They may be opposed to the policies of programs that a corporation has adopted to fulfill its responsibilities or to satisfy the needs and expectations of its primary stakeholder groups.

Now, these are the stakeholders who are trying to find out what the organization can do better. I will not use a negative term like you know they are trying to interfere with the organization, they are trying to find out what the organization can do better in its efforts to serving the society in its efforts to serving its stakeholders. So, these are the secondary stakeholder groups, and I think that is all we have time for in this lecture. In the next class we will talk about the different approaches of the stakeholder theory we will talk about how the stakeholder theory is you know is viewed in different contexts and how its connection with corporate social responsibility has evolved through the years and what is going on right now.

So, thank you very much for listening I hope you are finding all this interesting please discuss your insides your experiences with whatever we are discussing on the forum that will be very very helpful for your teammates and it in which the course further.

Thanks a lot listening.