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RELATIONS WITH STAKEHOLDERS IN A SOCIALLY RESPONSIBLE COMPANY. THE CASE OF CAR MANUFACTURER

11.1 INTRODUCTION

At present, corporate social responsibility is not just a theory and discipline, as enterprises are increasingly involved in practical implementation of this concept. The concept of corporate social responsibility has gained considerable momentum thanks to such authors as Bowen [3], McGuire [9], Carroll [4], Wartick and Cochran [12] and Clarkson [5]. Responsible business is a strategic approach based on the principles of social dialogue and the search for solutions that are beneficial to the company as well as its whole environment, stakeholders. There are many ways to define this concept and how to interpret it. However, the vast majority of them underline the need to involve and engage in dialogue with stakeholders. Engaging dialogue with stakeholders requires proper communication. Only in this way can be discussed the actions taken and gained feedback from interested parties. This paper presents a way to build and manage relationships with stakeholders on the example of a selected car manufacturer.

11.2 STAKEHOLDERS IN CORPORATE SOCIAL RESPONSIBILITY CONCEPT

Freeman and Velamuri in their paper titled: A New Approach to CSR: Company Stakeholder Responsibility [8] propose that the term "Corporate Social Responsibility (CSR)" be replaced by the term "Corporate Stakeholder Responsibility (CSR) . Changing the name to a company signifies that this concept applies to companies of all sizes and legal form. In turn, the stakeholder concept suggests that the primary focus of Corporate Stakeholder Responsibility is to create value for key stakeholders and take responsibility for them.

Social responsibility requires building a clear relationship with the internal and external environment. Responsible enterprise is one that cares about the interests of its employees, local community and the environment in which it operates. This means running a business based on building lasting, transparent relationships with all stakeholders [1]. In everyday business practice, this concept manifests itself in two dimensions:
- Internal, actions taken within the company, in relation to internal stakeholders;
- external, actions taken by the company outside with respect to external stakeholders.

Internal activities may involve humanization of work, creation of safe working conditions, the establishment of decent pay for workers, provision of adequate social benefits, increased employee satisfaction and provision of training opportunities for employees. On the other hand, external actions can be based on satisfying the real needs of customers, ensuring high quality of goods and services, respecting fair exchange rules, taking care of local interests, shaping industry standards, cooperation with suppliers and protecting the environment [7].

Relationship management requires a formal analysis of the various stakeholder groups, in particular the diagnosis of their needs and claims. To company success can only lead positive relationships, based on acceptance of goals. Accepting corporate social responsibility means taking into account and integrating the goals of all groups. There fore there is a need for dialogue between the company and stakeholders to understand their expectations. To effectively engage in dialogue with stakeholders, you must understand your capabilities and needs and identify your stakeholders. Stakeholders should be determined in terms of their contribution to building goodwill. Following the process of identifying stakeholders, the company should identify the needs of those groups that have a strategic interest in it [1].

11.3 STAKEHOLDER THEORY

Stakeholder theory is the concept of doing business by building transparent, long-term and lasting relationships with all stakeholders: owners, employees, customers, suppliers and partners, local community and the government etc. The basic assumptions of the theory of stakeholders are as follows [2]:

- the company has relationships with various groups, which are called stakeholders of the organization. Stakeholders influence the organization's activities and are influenced by its activities;
- this theory analyzes the nature of these relationships from the point of view of the benefits that they can bring to both the organization and its stakeholders;
- each stakeholder presents and strives for inner value, expects certain expectations. At the same time, he tries to make his expectations dominate the expectations of other stakeholders;
- this theory focuses on the strategic decision-making process.

Stakeholder theory is of a managerial nature because it not only defines the nature of existing relationships between the organization and its stakeholders, but it also recommends some of the best practices for business activity. Managers can achieve their goals by identifying groups of stakeholders and their changing needs and expectations [5].

Freeman, the creator of the stakeholder concept, distinguishes first and second level stakeholders. First-level stakeholders are individuals (physical and legal) with formal contracts or agreements with the company. Without their involvement, the company can not survive or develop. These include shareholders, employees, customers, suppliers and the public sector: government and local communities. Second-level stakeholders are

individuals or groups of people who can influence the company as well as how they are influenced by the company but do not conduct any business with it and therefore are not required in order to operate. It can be mention here media and interest groups. However, they have the potential to indirectly influence the company by mobilizing the public, and may even seriously threaten the continuity of the company [11].

There is also another division in which internal and external stakeholders are identified. Internal stakeholders (insiders) are those who control the business of a company, either by ownership (shareholders), or by virtue of their position in the company (board members, managers, employees). External stakeholders (outsiders) include customers, suppliers, and other groups outside the company interested in doing business [11]. Company stakeholders can also be analyzed because of the nature of the relationship between them and the organization. By introducing such a distinction, we divide stakeholders essentially into three groups [10].

First group is all those who contribute to the enterprise by their work, their knowledge and their competences, their capital, within the enterprise as employees, shareholders or owners. The relationship between these stakeholders and the company is of a consubstancial character. Consubstantial stakeholders are such that without which the business itself could not exist.

Second stakeholder group is derived directly from the company's business. This group includes corporate customers, suppliers and competitors. The nature of the relationship between them and the company is a kind of formal contract, and they are called contractual stakeholders.

Third group consists of different communities, from the local community to the national or even global community. This group is formed by all social and government institutions. Their relationships with the company are contextual. Contextual stakeholders are those who have a fundamental role in achieving credibility and acceptance for their business, as well as those who defend and represent protection or concern for the common good.

The environment is also a party entering into relationships with the company. It is often called a silent stakeholder. Unlike man, he is unable to directly convey his demands and expectations. Companies, by their activities, violate its balance and are therefore obliged to take measures to prevent its degradation [11].

11.4   STAKEHOLDER RELATIONSHIP PRACTICED BY SELECTED CAR MANUFACTURER [6]

As an example, to further analysis Volkswagen Group has been chosen, an automobile manufacturer encompassing 12 brands (Volkswagen, Audi, Seat, Skoda, Bentley, Lamborghini, Porsche, Scania, Man and Volkswagen commercial vehicles) and 119 production sites in 153 markets. The analysis of stakeholder relation of the car manufacturer was made on the basis of sustainability report from 2015. Investigation of stakeholder relationship was design to answer the following questions:

- Are the stakeholders identified in sustainability report?

- How the company communicate with its stakeholders?
- What types of communication do they use?
- And what feedback mechanisms do they use?

The Volkswagen Group sustainability report from 2015 is a type of an online report which gives opportunity to customize the content of the report to the readers' needs. The report is bilingual, German and English. The stakeholders are defined by the Volkswagen Group as all individuals or groups and organizations with a justified interest in the processes and/or results of the Volkswagen Group's corporate decision-making. Its customers and employees form the center of our stakeholder universe. Surrounding this core are twelve additional stakeholder groups, which they make no attempt to prioritize – because while the demands of their stakeholders are not all of the same nature, they consider them all to have the same value. All of the identified Volkswagen Group stakeholders are customers, employees, investors and analysts, business partners, competitors, researchers and experts, media organizations, religious institutions, residents and local authorities, cultural and educational institutions, government agencies and authorities, trade unions, clubs and associations, NGOs/charitable organizations.
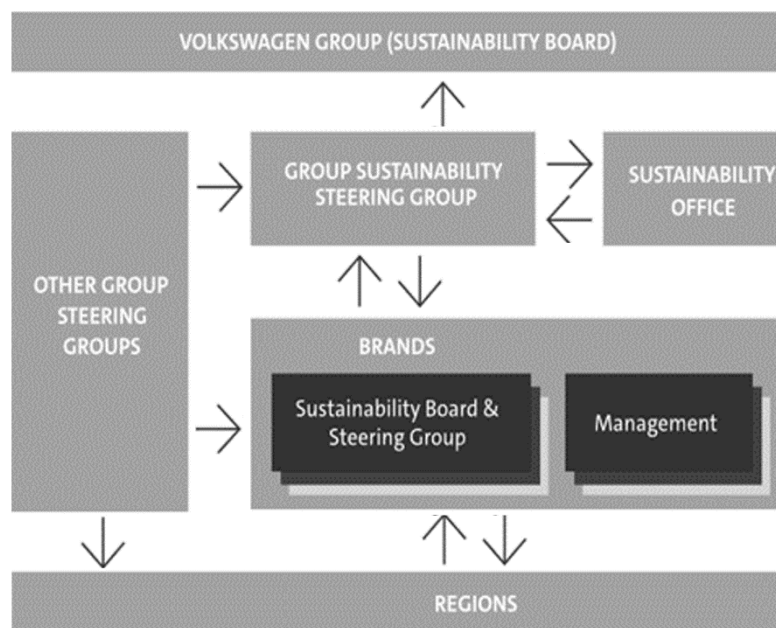

Fig. 11.1 Volkswagen Group structure for coordinating stakeholder management
Source: [6]

The Volkswagen Group brands are responsible for maintaining direct contact with their stakeholders. At Group level, they bring together activities, projects and processes under one roof and align them strategically in close collaboration with representatives of their brands, markets and regions. The Volkswagen Group has established a clear structure for coordinating stakeholder management (see Fig. 11.1). The top sustainability body is the Group Board of Management (Sustainability Board), which receives regular reports on stakeholder management from the Corporate Sustainability Steering Group. Among its other responsibilities, the Steering Group is tasked with defining the strategic

objectives and requirements for stakeholder management. The Steering Group is supported by the Sustainability Office. Its remit also includes the coordination of all sustainnability-related activities within the Group and brands, as well as stakeholder dialog conducted at Group level.

11.4.1 Communication with stakeholders

Sustainability report is Volkswagen Group primary medium for delivering accountability. Each year, it presents a detailed picture of their commitment to social responsibility. The Group provides additional information in press releases, social media and special publications focusing on current projects and initiatives. For internal communications, they also use an online community, employee newsletter and a text-messaging service. They use the latter once a week to distribute bilingual information on the Group's current projects and dialog forums.

Tab. 11.1 Stakeholders dialogue at Volkswagen Group, part 1

Stakeholder Groups	Dialog Forums	Key Topics	Sustainability Action Areas
Investors & Analysts	Annual General Meeting Annual Report Financial Report Sustainability Report Annual press conference Press releases Press conferences	Corporate governance Climate protection and sustainability New products and services Location development Profitability	Stability and profitability Quality Customer satisfaction Climate and environmental protection Employer attractiveness Green products Intelligent mobility Resource conservation
Customers	Audi stakeholder forum "Volkswagen Magazine" "Autostadt" brand experience Social media Product brochures Trade fairs Product advertising	Fuel consumption and emissions Electromobility Digitization Data protection Sustainability	Customer satisfaction Quality Green products Intelligent mobility Vehicle safety Climate and environmental protection
Business Partners	Magazines Trade fairs Codes of conduct Sustainability in Supplier Relations concept	Raw materials purchasing Drive technologies Lightweight design/ materials Working conditions Environmental & social standards	Supplier relations Climate and environmental protection Resource conservation across the life cycle
Employees (including potential employees)	Global CSR& government meetings CSR project group Employee opinion survey Intranet/Internet Volkswagen employee magazine Works meetings Training courses and seminars Roadshows and information events Welcome Days for new recruits Employee campaigns Text messaging service Internal media monitoring service Intranet portal	Occupational safety Working conditions Health Vocational education and continuing professional development Employee welfare programs Personnel development	Stability and profitability Compliance, governance Health Diversity and equal opportunities Qualification Employer attractiveness Social responsibility Climate and environmental protection

Source: [6]

Tab. 11.2 Stakeholders dialogue at Volkswagen Group, part 2

Stakeholder Groups	Dialog Forums	Key Topics	Sustainability Action Areas
Government Agencies & Policymakers	Plant visits Hearings Environmental conferences Public-private partnership programs Expert discussion Official statements MP breakfast Receptions Visits by delegations	Emissions Climate protection Consumer protection Employment Future of work Future of mobility Aid for refugees	Compliance, risk management Vehicle safety Electrification Social responsibility Qualification Climate and environmental protection
Media	Sustainability report Annual report Website Press releases Plant visits Events for journalists	Electromobility Digitization Automated driving Diesel technology Changes in management	Quality Electromobility Intelligent mobility Green products Climate and environmental protection Social responsibility
Competitors	Working groups Symposia	Electromobility Digitization Connectivity Autonomous driving	Green products/electrification Intelligent mobility and connectivity
Academia/ Experts	Cooperation with universities Trend studies Project working groups Expert discussions Symposia Conferences Research projects Research colloquia Employee lectures	Energy efficiency Intelligent mobility Electromobility Resource consumption Digitization & connectivity Autonomous driving Industry 4.0 Sustainability management	Resource conservation Climate and environmental protection Green products/ electrification Intelligent mobility and connectivity Social responsibility
Communities/ Local Residents	Open days CSR projects Neighbourhood dialog Local events (fun runs, bike rides, etc.)	Regional development Corporate responsibility Immigration/refugee crisis	Climate and environmental protection Resource conservation Social responsibility Health Employer attractiveness Participation

Source: [6]

The Volkswagen Group brands offer a wide range of opportunities for dialog (see Tab. 11.1 and Tab. 11.2), and they pool this communication at Group level. Neighborhood dialogs are held at regular intervals at their various sites. For example, in November 2015, the Audi AG production site in Neckarsulm organized an "Among neighbors" dialog forum, giving local residents a chance to discuss current developments and corporate citizenship with the management of the plant. Porsche AG held similar neighborhood discussions to share information about planned construction projects at their Zuffenhausen site. And a dialog event which took place at the Volkswagen plant in Hanover provided an open setting for discussing plant-related news and current developments, and answering critical questions from nearby residents regarding environmental protection and local traffic. The goal of these dialog forums is to build mutual understanding, or at least achieve

a shared understanding of the position and situation of each party. The Volkswagen Commercial Vehicles and Bentley brands organized similarly open exchanges of opinion with local stakeholders at their sites in Poznań (Poland) and Crewe (United Kingdom).

11.4.2 Feedback

Stakeholder management should begin with the question of stakeholder needs and interests, and ends with systematic feedback and monitoring of results. At Volkswagen Group, they take their stakeholders' responses and place particular emphasis on continuous, ongoing evaluation. They regularly conduct comprehensive stakeholder surveys at Group and brand level. These include surveys of customer and employee satisfaction, as well as more broad-based studies. For example, in the reporting year Porsche AG launched a survey on "Porsche and sustainability". The results enabled the company to mobilize critical stakeholder feedback for the further development of sustainability management goals and instruments. In addition, they have rolled out an IT-based stakeholder management system so that they can better document and analyze their activities. The system also helps with the planning of their future priorities and projects. Moreover Volkswagen Group is working together with the German Institute for Market, Environment and Society (imug) and once a year they ask a stakeholder panel to carry out an assessment of their sustainability report. In 2014 the survey sample was expanded to include 36 national and 36 international stakeholder representatives. The aim of this comprehensive evaluation is to improve the effectiveness and utility of their report for a wide range of target groups. The positive feedback and critical comments from these regular reviews help them optimize their sustainability reporting. Its findings are made available to the Group as the basis for the preparation of the next report.

CONCLUSIONS

Conducting dialogue with stakeholders is fundamental to the concept of social responsibility. Building stable relationships with stakeholders will not be possible without effective communication with them. It is important to first identify the stakeholders and to know their expectations and then choose how to communicate effectively with them. The appropriate form of communication should be oriented not only on information but above all on dialogue with the broad environment. It is important not only to go in one direction: enterprise - stakeholders but also to receive and process feedback messages. In the presented example car manufacturer practices a strategic stakeholder management system. The investigations were made on the basis of a sustainability report of the company. It can be concluded that in the report the stakeholders are well defined and direct contact with them is discussed. The company offers a wide range of opportunities for dialogues tailored to the type of different stakeholders groups. The sustainability report is one of the communication medium. To be effective it should be based on bi-directional communication. In the example of an automobile manufacturer they use systematic feedback mechanism which helps them to obtain information from their stakeholders which in turn results in improved relationships with them.

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RELACJE Z INTERESARIUSZAMI W SPOŁECZNIE ODPOWIEDZIALNYM PRZEDSIĘBIORSTWIE. PRZYKŁAD PRODUCENTA SAMOCHODÓW

Streszczenie: *Niniejszy artykuł ukazuje ważną rolę, jaką odgrywają relacje z interesariuszami w społecznie odpowiedzialnym przedsiębiorstwie. Teoria interesariuszy stanowi podstawę interpretacji koncepcji społecznej odpowiedzialności. W związku z tym nie jest możliwe prowadzenie przedsiębiorstwa społecznie odpowiedzialnego bez identyfikowania i odpowiadania na potrzeby jego interesariuszy. W artykule autorka omówiła główne założenia teorii interesariuszy oraz ważniejsze typologie interesariuszy. Na wybranym przykładzie producenta samochodów przedstawiono sposób tworzenia i zarządzania relacjami z interesariuszami a w szczególności proces komunikowania i pozyskiwania informacji zwrotnej od interesariuszy.*

Słowa kluczowe: *społeczna odpowiedzialność przedsiębiorstw, interesariusze, raportowanie CSR, komunikacja*

RELATIONS WITH STAKEHOLDERS IN A SOCIALLY RESPONSIBLE COMPANY. THE CASE OF CAR MANUFACTURER

Abstract: *This article shows the important role that plays stakeholder relations in a socially responsible company. Stakeholder theory is the basis for the interpretation of the concept of social responsibility. Therefore, it is not possible to run a socially responsible enterprise without identifying and responding to the needs of its stakeholders. In this article, the author discusses the main assumptions of stakeholder theory and major stakeholder typologies. An example of a car manufacturer is showing how to build and manage relationships with stakeholders and, in particular, the process of communicating and gaining feedback from stakeholders.*

Key words: *corporate social responsibility, stakeholders, CSR reporting, communication*

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