

# Chapter 11

## CSR and Stakeholders’ Engagement: A Relational Perspective – Suppliers’ Social Responsibility: Auditing vs. Engagement in a Relational Capital Reference

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### ABSTRACT

*Companies implement corporate social responsibility (CSR) practices along their supply chains to fulfil stakeholder requirements. Failures and no-compliances also emerge, caused by supply chain members. This chapter aims to analyse CSR from relational perspective, exploring supplier engagement to compliance with CSR framework and the relationship firm/stakeholder. On the basis of general research question of how to enhance CSR practices in vertical relationships, the main aim of this chapter is to identify the corporate practices that better support compliance with CSR standards or CSR codes of conduct. Relational perspective emphasizes relationships, which become the nucleus of the studies that consider relationships between the corporation and society as first and most important issue. Consequently, relational perspective contributes towards understanding of compliance of stakeholders in CSR implementation. The chapter introduces an exploratory study about practices, attitudes of stakeholders, and knowledge sharing in a collaborative environment of relational capital.*

### INTRODUCTION

Consumers and governments are focusing their attention on corporate social responsibility (CSR) practices (Prentice, 2002). CSR continues to evolve and it reaches now to supply chain partners, suppliers, logistic providers and customers. (Emmelhainz and Adams, 1999). Consumer opinion of perceived CSR deficiencies can be extremely negative to corporate performance and market share (Devinney, Auger, and Eckhardt, (2010). Thus, firms should anticipate future CSR issues in their supply chains and imple-

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ment supply chain CSR standards, since lessons learned in one area might very well apply to other CSR activities (Carter, 2004)

Although many scholars have argued for that any manufacturing firm should develop that satisfy the needs of stakeholders in sustainable ways, creating value through environmental and social performance (Ciliberti, Pontrandolfo and Scozzi, 2008; Vachon and Klassen, 2008), manufacturers are affected by misbehaviors in production processes and supply chains (DeLaurentis, 2009).

CSR implementation has induced an important attention on organizational relationships with stakeholders (Burchell and Cook, 2006) during which those expectations are identified. Therefore, stakeholder engagement would be framed through a corporate CSR framework (Crane and Livesey, 2003) and because organizations need to engage with their stakeholders to determine what stakeholder expectations are according to socially responsible behaviors (Johansen and Nielsen, 2011; Pedersen, 2006).

Scandals spread into a global concern since recalls, bans, or warnings of contaminated food, for example, has been reported from all the World (DeLaurentis, 2009). Investigations revealed that suppliers were the cause of those problems. Consequently, large number companies, especially multinational corporations, have introduced Codes of Conducts what are intended to improve the firm's social and environmental performance. Companies are increasingly being held responsible for the production conditions, because they realize that CSR issues arise throughout the supply chain. Codes often go well beyond the boundaries of the company and include social and environmental requirements for suppliers (Roberts, 2003; Jenkins, 2005).

There is an extensive literature dealing with the analysis of the reliability and effectiveness of corporate responsibility initiatives in relation to different social actors of interest, but much less has been researched about how companies safeguard CSR in supply chains: Question is how a company can be convinced that suppliers accomplish obligations according with their code of conduct.

The aim of this study is to explore the supplier engagement to compliance with CSR framework and the relationship firm/stakeholder. On the basis of general research question of How to enhance CSR practices in vertical relationships, the main aim of this chapter is to identify, in the realm of supplier/buyer relationships, the corporate practices or safeguard mechanisms that better support compliance with CSR standards or CSR Codes of conduct. Moreover, this can introduce clear concepts about the need for companies to change from a transactional to a collaborative strategy in stakeholder relationships (Vos and Achterkamp, 2015). Considering the extant literature on stakeholder management and stakeholder relationship quality, the aim of this exploration is to expand scholarly and management awareness, knowledge and understanding beyond the usual managers instrumental perceptions about CSR.

## **BACKGROUND**

Since philanthropic definition of Corporate Social Responsibility (Bowen, 1953), to firm contribution provides solving social challenges (Wood and Logsdon, 2002), numerous studies have been focused on managing buyer-supplier relationships to obtain better performance (Jap, 2001; Ulaga and Eggert, 2006). Thus, three issues are noted: Performance, Management, and Relationship.

Garriga and Melé (2004) identify four perspectives, or theory groups, paying attention to wealth creation (instrumental), acceptance of social duties and rights in socio-political environment of firm (political), integration of social demands as strategic objectives (integrative) and ethical values of society (ethical). However, overlapping and absence of multidisciplinary are no solved aspects in this proposal

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