STRATEGIC STAKEHOLDER MANAGEMENT BY CORPORATE SOCIAL RESPONSIBILITY: SOME CONCEPTUAL THOUGHTS

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Abstract

The sustainability and responsibility of corporate strategic management has become an important issue in recent years, not only against the background of the current financial and economic crisis. Companies are expected not only to succeed economically but also ecologically and socially. Companies can use the issue of corporate responsibility to capture new markets and opportunities. But new requirements arise. Thus, stakeholders may exert pressure on companies to assume social responsibility, whereas executives shall lead by example. This paper tries to assess possiblities to meet stakeholder expectations towards companies by implementing corporate social responsibility concepts. We identify primary and secondary stakeholders of companies by using salience theory and try to give conceptual answers how the well-known concept of Caroll's corporate social responsibility pyramid my help to improve the current situation and to take top management and supervisory boards into account to establish a change of focus on corporate social responsibility not just as a hot topic.

Keywords : stakeholders, management, corporate social responsibility

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1. Introduction

Sustainability, ethics and responsibility have been elementary topics of current discussions on business behavior before and during the current financial and economic crisis. This basic debate about an accountable and sustainable approach to management is based on the controversial notion about the scope of corporations' responsibilities. Over the last decades, various driving forces and global developments led to a modified comprehension of the former simple, economic entity. Scientific proceedings in the information and transportation technology enforced globalisation and provided new opportunities for companies' operations at international marketplaces. However, this development also weakened governmental power to supervise activities of multinational corporations. The irresistible progress of the internet pushed this movement forward and strengthened a trend of overall transparency across borders. Furthermore, a dynamic change of societies' underlying values and interests led to an emergence of new hot topics, evoking associations like the environmental, civil rights, consumerism or equality movements. These omnipresent developments mutually enlarged expectations towards business to assume corporate responsibility, going beyond basic economic and legal duties.

With a rising number of such claims, managers face the fundamental question to whom business is responsible to and which programmes can live up to those expectations. Stakeholder management puts names and faces to those significant groups and provides ways to account for their interests in the strategic management process. The concept of corporate social responsibility (CSR) offers a framework, which exceeds the compulsory obligations by adding a voluntary motivated and altruistic action level. Thus, this paper aims to assess the ability of CSR to appropriately promote strategic stakeholder management. First, before combining both concepts systematically, we identify strategic stakeholders with the help of salience theory (Mitchell et al., 1997) and deduce specific expectations towards a company. Second, by applying the framework of Carroll's pyramid of CSR (Carroll, 1991), the capability of the CSR concept to satisfy stakeholders' expectations is analysed and finally being assessed.

2. Underlying theoretical concepts
2.1 Corporate social responsibility

After more than five decades of study and debates on CSR, there is still no single widely accepted definition of CSR in literature (Freeman et al., 2010). Moreover, early researchers complain, that "the phrase 'corporate social responsibility' has been used in so many different contexts that it [nearly] has lost all meaning" (Sethi 1975, 58). We cannot dismiss that criticism, as various concepts, ideas and practices e.g. corporate social performance (Wartick & Cochran, 1985; Wood, 1991), corporate social responsiveness (Ackerman, 1975) or corporate governance (Jones, 1980), emerge under the umbrella term of CSR. Started from a narrow economic view of increasing shareholder wealth, CSR's scope of interpretation is broader nowadays, also containing the all-embracing responsibilities of a good corporate citizen (Jamali, 2008). Taking a look at the conceptual roots of CSR in the 1950s, it becomes obvious that a conceptual split between profit-making and social responsibility was prevalent. At that time, CSR was mainly regarded as an additive component, pleasant, if affordable (Freeman et al., 2010) and the common perspective on business duties was coherent with Milton Friedman's view that the only "social responsibility of business is to increase its profits" (Friedman, 1970, 33). Nevertheless, not only due to changes in companies' operating environment, the general notion of responsibility enlarged (Blowfield & Murray, 2008). Davis contributes one of the earliest definitional attempts, rejecting this narrow point of view. He states that CSR refers to "businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest" (Davis, 1960, 70). Hence, he broadens the perspective of CSR, constituting that "social responsibility begins, where law ends" (Davis, 1973, 313). Based on this position, various additive and more precise views on CSR emerge over time, e.g. Johnson substantiates social responsibility by calling the demands of societies a 'multiplicity of interests', formulating the first idea of stakeholders, even though he does not use this specific term (Johnson, 1971). Jones picks up this idea and characterizes the management of these groups as social responsibility (Jones, 1980).

However, with his quadrinomial terminology, Carroll developes a very wide and pioneer definition of CSR, constituting that "the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time" (Carroll, 1979, 500). His approach comprises both the corporation's economic and legal duties, and it goes beyond this level, by incorporating voluntary ethical and discretionary aspects. Carroll revised his approach by changing the discretionary element into a philanthropic one, presuming the organisation's responsibility to be a good corporate citizen. Moreover, he structured the obligation to his pyramid of CSR, depicting the economic category as the base element (Fig. 1) going upwards till the philanthropic element. Although the economic fundament is not consistent with some former approaches, Carroll states that only profitable companies are able to contribute to society (Carroll, 1991).

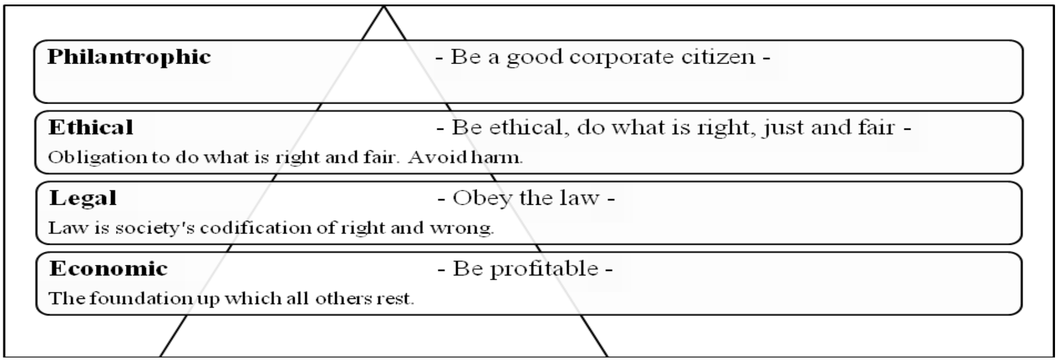

Figure 1. Carroll's pyramid of CSR (Source: Carroll, 1991, 42)

Although corporate social responsibility is a concept, redefining itself by responding to current societal issues, the common feature of all approaches is the consistent attempt to broaden companies' obligations in order to exceed pure financial and legal obligations. Thus, Carroll's pyramid of CSR builds the fundament for further examinations in this paper. providing a framework, containing both, required and voluntary responsibility levels.

2.2 Stakeholder theory, the stakeholder map ad strategic stakeholder management

Although there is a common consensus that almost every kind of entity, including persons, groups, organisations, neighbourhoods or the society as a whole, may be a firm's stakeholders, the positions differ heavily on the scope of perspective (Mitchell et al., 1997). Thus, Freeman & Reed (1983) distinguish between a narrow and a broad approach to a company's stakeholder universe. We use the broad notion of the stakeholder definition, as companies interact with various groups. This notion does not presume direct connections between companies and potential stakeholders; it rather includes those groups, too, which might be affected involuntarily or indirectly by companies' objectives (Freeman, 1984). Considering the current financial and economic crisis, it is hardly obvious, that lots of groups without bearing some direct kind of risk in the firm, originated in claims, ownership rights or interest in the past, present or future (narrow approach) (Clarkson, 1994) are/have been affected by speculative practices and behavioral drifts. Despite the fact that the exact stakeholder set is unique to each firm, as these groups strongly correlate with a corporation's purpose, objectives, provided products or service, some general occurring entities can be determined. By applying the wide definition of reciprocal stakeholder relationships, Fig. 2 illustrates these universal groups in the generalised natural stakeholder map, including both, internal and external representatives.

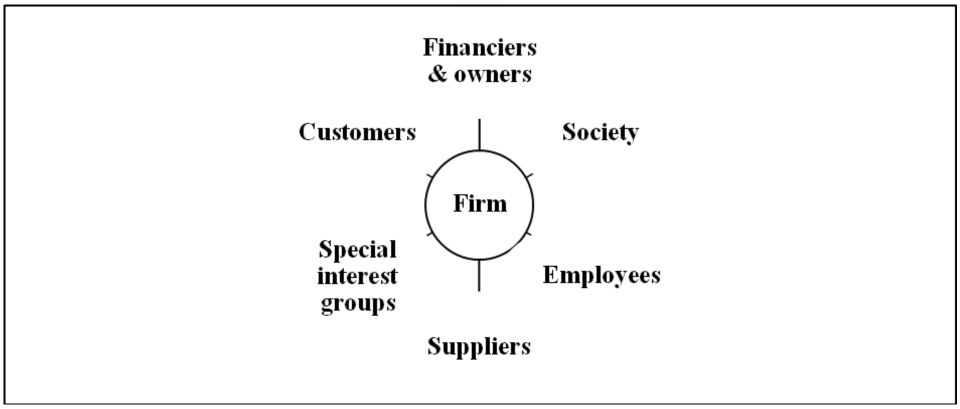

Figure 2. Generalized natural stakeholder map of a firm (Source: Freeman, 1984, 25)

The stakeholder concept is generally interpreted in a tripartite manner, famously distinguished by Donaldson & Preston (1995) in a descriptive, instrumental and normative perspective. While the descriptive component gives a statement on the nature of the organisation as a constellation of cooperative and competitive interests, where each individual possesses intrinsic value for the company, the instrumental perspective focuses on the connection of stakeholder management with classic performance goals (e.g. growth or profitability). However, the normative approach is the fundamental basis of the concept. Based on ethical principles, managers have to consider stakeholders due to their legitimate claim in the managerial process to create value for all stakeholders (Donaldson & Preston, 1995). Putting those three perspectives together, the main distinguishing feature of the profit oriented shareholder approach is to consider stakeholders' economic and social performance interests within the managerial decision-making process to have long-term success responsibly and economically (Dill, 1975; Freeman, 1984). Hence, stakeholder management does not simply describe a company's current situation and predict cause-effect relationships.

The strategic management process comprises the "determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals" (Chandler, 1962, 13). Incorporating the stakeholder concept into the strategic management process, an organisation's primary objective is creating as much value as possible for stakeholders (Freeman et al., 2010). In order to achieve this objective, managers have to follow a certain agenda. First, they have to identify all potential stakeholders and the nature of those stakes. Second, they have to assess the importance of those groups for the company and the company's specific responsibilities for them. Third, they have to decide upon an appropriate programme to satisfy those expectations (Carroll, 1996). During the execution of this agenda, managers often face challenges with conflicting stakeholder claims. Despite the theoretical requirement to consider of all interest equally, trade-offs between those claims are inevitable (Vincent, 1988; Carroll, 1991). In order to balance these clashing claims adroitly and sensibly, stakeholders have to be allocated in different classes. Primary stakeholder are groups, which might immediately affect a company's objectives whereas secondary stakeholders do not have power immediately to do so (Friedman & Miles, 2006). Nevertheless, a dynamic environment and new coalitions between different groups, secondary stakeholder's position and attitudes towards the company might change over time, so they might change into primary ones. Thus, the challenge of strategic stakeholder management is to achieve as much value as possible for primary stakeholders, while considering secondary stakeholders claims, too (Carroll, 1991).

3. Stakeholder analysis using salience theory

In order to achieve reliable and comprehensible stakeholder identification, an appropriate framework to analyse stakeholders is inevitable. Amongst various concepts to systematically discover and classify stakeholders, deduced from behavioural or institutional approaches, like resource dependence theory (Pfeffer & Salancik, 1978), agency theory (Hill & Jones, 1992) or transaction cost theory (Williamson, 1985), „salience theory" by Mitchell et al. (1997) is used to examine the universally effective stakeholders of business entities. We use this analysis system as its modus operandi is relatively simple to apply and provides a profound basis to deduce various stakeholder expectations from the attribute based allocation schema. Additionally, the concept incorporates the essential idea to change stakeholder attitudes due to a dynamic environment.

3.1 Salience theory: variables and functionality

The framework's basic statement is to identify stakeholders, by at least one of the three fundamental attributes: power, legitimacy and urgency (Mitchell et al., 1997). The first attribute, power, is based on the definitional background that one actor in a social relationship is able to carry out his own will despite resistance. Applying this to stakeholder theory, this implies that a stakeholder has influence on firm behavior, whether he has a legitimate claim or not (Weber, 1947; Pfeffer, 1981). Power can generally be executed at different types: formal or voting power, economic power to exert influence on business operations or political and social power to create the socio-economic environment (Freeman, 1984). The second attribute is based on the legitimacy of stakeholders' claim or interest upon stakeholders' contractual or legal obligation, at-risk status, moral right or interest in the harms and benefits generated by a company's actions (Mitchell et al., 1997). This means not only official rights, but also moral concerns over the fit between firm objectives and social systems of norms and values (Agle et al., 1999). The third attribute, urgency, describes the extent a stakeholder's claim calls for immediate attention. As a consequence, a permanent state of urgency is created, if the relationship or claim is significantly critical, such as ownership, sentiment, dependency or high expectations towards the firm. Nevertheless, demands may also be of time-sensitive nature, varying over time due to a dynamic environment and sudden incidents. Since all attributes may be acquired and lost over time, the model is transitory, socially constructed and not steady state. According to Mitchell et al. (1997) stakeholder salience highly correlates with the amount of attributes possessed. Thus, groups, possessing all attributes are primary stakeholders, whereas entities with less than three are conducted as secondary stakeholders.

3.2 Strategic stakeholder analysis

3.2.1 Financiers and owners and their expectations

This group includes all entities, like shareholders or financiers, with direct financial investments in an organisation. They wield power using formal voting right. Thus, they are able to influence the appointment of managers and directors, strategic decisions as well as resource allocation within the organisation (Freeman, 1984). The legitimacy of their claims is clearly constituted in their financial risk status, as losses directly affect their capital contributed. The stake of ownership implies a high degree of importance for them, combined with private owner's sentimental connection to the company. Thus, it creates a permanent state of urgency (Mitchell et al., 1997). Fulfilling all three attributes, we determine the highest degree of salience and identify owners as primary stakeholder. The prior expectation oft hat group towards the organisation is an appropriate return on investment in form of dividends or yields, as compensation for their risk status. In order to wield their formal voting power, they claim the obedience of underlying regulations. Additionally, financiers and owners demand reinvestments, growth and sustainable maintenance of assets are demanded to guarantee long-term success of the firm (Berman et al., 1999).

3.2.2 Employee power and right of claims

Employee power is split. On the one hand employees do have economic power as they contribute essentially to offered products and services; on the other hand, country specific legal frameworks offer formal voting power (co-determination). Legal legitimacy is based on obligations of employment contracts, their moral one in a high risk status to face unemployment which determines a permanent state of urgency. Possessing specialized skills at an imperfect labour market creates a bilateral dependency, but due to the need for yields to the company exposes employees, too (Freeman, 1984). Employees are considered as primary stakeholders as they exhibit all attributes of salience. Based on this status, employees require not only appropriate wages and social benefits. Beyond job security, they demand comprehensive work, a healthy and safe working place environment and possibilities to develop their skills (Spiller, 2000; Longo et al., 2005).

3.2.3 Identification and justification of customer stakes

Customers generally do have power as their essential purchase decision mainly influences turnover and low switching costs in specific businesses have to be taken into consideration by firms. Often customers face legitimate risk for health and safety when using products or services. Morality of their claims is based on an appropriate ratio of the value promised and the real performance of a specific product. Dependency on a firms products (often created by special market conditions like monopolies, or like in the case of healthcare, an extraordinary high value for a customer) generates urgency (Freeman, 1984). Thus, fulfilling all attributes of salience customers are classified as primary stakeholders, too. A fundamental customer claim consists out of the supply of desired goods with appropriate quality, safety and price-performance level. In order to be protected against possible side effects, transparent information about product components and adequate usage are required. Furthermore, customers aspire to prestige with the consumption of certain products and therefore demand conscience on fair manufacturing conditions (Spiller, 2000; Longo et al., 2005).

3.2.4 Supplier legitimate power and derivative expectations

Suppliers wield power through their economic position towards the organisation. Due to an often unique or specialised knowledge, high switching costs may be established and interdependency being created. This is how suppliers determine resource prices and can even withhold the supply in extreme cases. To avoid such situations, legal obligations normally manage the relationship and risk for specialised suppliers. This connection is not only the fundament of their claims; it simultaneously determines a permanent status of urgency (Freeman, 1984). As all salient attributes are present, suppliers are also a part of primary stakeholder. The nature of their relationship develops suppliers' major expectations: good partnership, based on mutual trust and combined value creation as well as operational improvement. Moreover, they aspire maximum profits through and compliance of the contractual obligations (Kim, 2002).

3.2.5 Society: A powerful claimant to business

Society embraces legislative forces like federal governments and local communities on the one hand, and external institutions like media or competitors on the other hand. The first group of governmental establishment has political and economic power as they are able to create and influence macro and micro business environment e.g. by defining tax levels. Competitors' power is mainly based on their economic ability to define the rules of the game in a particular market or industry and thus to influence a company's market position. Media, by contrast, wield a special kind of social power, as they have the ability to activate public to put pressure on a firm (Freeman, 1984). With companies operating in a communities' micro and governments' macro territory, these institutions are directly affected by a firm's actions. Environmental or social hazard through pollution or massive layoffs, as well as contraventions influence those stakeholders immediately and legitimates their claim. By contrast, a powerful status of competitors and media is not based on legitimate fundaments. This relationship's urgency level is of clear time-sensitive nature. Society expects organisations to be good corporate citizens but only focusses them insensely, when organisations break their rules. Thus, urgency may occur over time and is not steady-state. Due to a lack of constant urgency, society as a whole is a secondary stakeholder. Despite this allocation, society expects business entities to contribute as good corporate citizens to social welfare by paying taxes, providing goods and services and improve technology. Additionally, companies are expected to obey legal duties, to handle resources responsibly and to act within socially accepted constraints in order to avoid hazardous action against nature and members of society (Spiller, 2000).

3.2.6 Special interest group with multiple legitimate expectations

Special interest groups are associations like unions, environmentalists, consumer advocate groups or other networks founded for a particular social purpose. Regarding their power, it heavily depends on a group's nature. E.g. unions (subject to the specific legal framework), often do have a certain level of social and political power, whereas most of the other associations aren't able to affect a firm directly. Thus, those groups' single opportunity to wield power is to influence and to mobilise more powerful stakeholders and to build up coalitions (Mitchell et al., 1997). By contrast, each of those groups has a legitimate status; their moral interest is mostly laid down in bylaws when tose groups are founded, e.g. the protection of the work force or the environment. We detect urgency only at a time sensitive level, as SIGs pay only urgent attention to a company by protesting against their objectives (Freeman, 1984). Summarizing, we only detect the attribute of legitimacy permanently, thus we categorize SIGs as secondary stakeholders. Furthermore, SIG's expectations towards an organisation depend heavily on their individual targets, but mainly with a strong focus on organisations to consider the objectives of SIGs in their decision-processes as well to be generous (as a direct measure) (Spiller, 2000) (Tab. 1).

Table 1. Strategic stakeholder analysis using salience theory: results

		Stake/Attribute	Expectations
Primary stakeholders	**Financiers & owners**	**Power:** formal, voting, political **Legitimacy:** legal obligation, financial risk status **Urgency:** ownership, sentiment, expectation	return on investment maintenance of the voting right sustainable property management
	Employees	**Power:** formal, economic **Legitimacy:** contractual, risk **Urgency:** ownership, expectation, exposure	appropriate wages and job security healthy and secure working environment job satisfaction meaningful work development
	Customers	**Power**: economic **Legitimacy:** at risk status, moral right/interest **Urgency:** expectation, exposure	supply of goods product quality and security appropriate price/performance ratio service and information prestige and a clear conscience
	Suppliers	**Power:** economic **Legitimacy:** contractual **Urgency:** exposure	High prices and purchase amounts Cooperative innovation Contract compliance Good partnership
Secondary stakeholders	**Society**	**Power:** socio-political **Legitimacy:** legal and moral interest	contribution to social welfare growth and innovation environmental safety and protection transparency, information
	SIG	**Legitimacy:** moral interest	Generosity Supporting SIGs objectives

4 Strategic stakeholder management: Applying the CSR pyramid

4.1 Economic base level to satisfy stakeholders

4.1.1 General economic responsibility

The traditional purpose of a company is to provide goods and services, needed and wanted by the society at an adequate commission (Carroll, 1991). Profits, generated from these exchanges, are still considered as a compensation for entrepreneurial risk and thus represent an important dimension for future and sustainable business operations (Blowfield & Murray, 2008). Technological progress and innovation are outcomes of reinvested profits in research and development. Improved working efficiency enables better products and services, mostly supporting firms' competitive position. Furthermore, constant profitability is an indicator of companies' operational success and thus is an important criterion for financiers and shareholders to invest (or inject fresh) capital. Financially healthy companies are able to meet financial obligations, create new jobs and expedite progress in general (Jamali, 2008). As a consequence, Carroll argues that companies' primary economic responsibility is to meet operating targets profitably. Thus, fulfilling those duties are fundamental for further CSR activities (Carroll, 1979).

4.1.2 Meeting stakeholder expectations: assuming economic responsibility

Starting with the group of owners, shareholders and financiers, one of their major expectations towards the company is a high return on investment. Organisational ability to pay dividends and yields depends profitability. Moreover, liquidity is essential to avoid loss of capital or value and to meet companies' long-term survival in competitive markets (Crane & Matten, 2007). However, to achieve this objective, a certain amount of yields has to be kept within a company, reducing bonuses due to reinvestment in research and development. Wages and social benefits are crucial for employees. Only financial healthy companies are able to pay salaries and create or secure jobs, job security. High sales volumes and acceptable prices are essential elements for suppliers to survive, which directly depends on the demand of purchasing companies, so the financial position purchasing companies is crucial for them. Good partnerships and the assumption of economic responsibilities, technological development and transfer of innovative knowledge are additionally important for suppliers to improve their own products, too. Society expects business entities to contribute to social welfare by creating employment, providing goods and increase economic growth through innovation. Only profitable companies are able to satisfy those claims and paying taxes. Furthermore, incentives for innovation help to create new jobs and products (e.g. the development of the wind power or solar energy business in Germany) and thus supoports economic growth (Drucker, 1984).

4.2 The legal framework to achieve stakeholder satisfaction

4.2.1 Legal responsibilities of a company

Corporations are expected to operate and fulfil their economic mission within a framework of laws and regulations promulgated by federal, state or local governments (Carroll, 1991). These rules are basic principles for members of society and reflect the basic notion of proper operations, based on societies' tradition, norms and ethical values. Based on the fact that this is a fundamental aspect for companies to meet the "social contract" with society, firms' second fundamental responsibility towards public is to obey the law (Blowfield & Murray, 2008). Although laws and regulations vary between different countries in scope and intensity, they always represent an important mirror of what is accepted in society (Donaldson & Preston, 1995).

4.2.2 Stakeholder satisfaction through legal responsibilities

Business law generally protects shareholders' and further owners' property rights. Furthermore, corporation law legally fixes their voting rights, to be able to influence company decisions. Various legal regulations with respect to employees' working place are summarised in labour protection law, covering issues like safe and healthy working environment and guidelines to prevent accidents or discrimination. Additionally, minimum wage levels are fixed within legally based collective labour agreements. A similar approach comes into light regarding customer protection law. Such excluding codes contain regulations, determining the major topics of product safety and quality as well as information and usage guidelines to protect customers from unintentional harm. Since suppliers' relationships to companies are mainly based on contractual obligations, the obedience of these duties is essential for a long-term mutual co-operation. Mostly laws and regulations are legislated and passed by federal or local governments and hence build a framework of minimum duties which companies have to fulfil. Tax payment, environmental or anti-trust regulations are just a few basic requirements society imposes against business entities to protect other members from hazard. Assuming legal responsibility by obeying law does not directly contribute to the satisfaction of SIG's claims. However, most of these groups, e.g. environmentalists, set their mission far beyond codified law. Thus, compliance towards compulsory duties might be a basic, indirect level to their contentment.

4.3 Ethical consideration beyond the legal basis

Although economic and legal responsibilities already embody some elements about fairness and justice, social members often expect activities and practices that are not explicitly codified by legislation (Carroll, 1991).

4.3.1 Ethical responsibilities of the company

Responsibility principally starts where legislation ends (Davis, 1973; Barth, 2009). Law tries to set a limit of tolerable business activities by punishing violations against them. But they neither define ethics, nor do they formulate rules for morality, fairness or justice (Jamali, 2008). Thus, companies' ethical responsibility goes beyond a pure legal level, incorporating important social considerations and practices based on values to minimize harm through right, fair and just behaviour, too. Hence, these requirements are voluntary, including voluntarily motivated activities. Those activities are generally expected by public, but exceed legislation (Barth, 2009). Although firms may also act ethically within the legal framework by obeying the law on behalf of the societal expectations (Carroll, 1991), the ethical component of CSR often refers to standards, norms and expectations unnoticed by law, due to legal gaps. Furthermore, ethical considerations embrace newly emerging values, even though such values and norms may reflect a higher standard of performance. Consequently, a strong interrelation between the legal and the ethical responsibilities might be recognized.

4.3.2 Stakeholder satisfaction through ethical attitudes

As ethical responsibilities are not explicitly required by public, but rather additionally expected, some stakeholder groups are just indirectly satisfied with the assumption. Concerning the group of owners and financiers, ethical considerations do not comprise the meeting of their expectations themselves, but rather how they are achieved. The implementation of ethical and long-term oriented management styles which are based on values, may contribute indirectly but sustainably to companies' success (Jones, 1995). Employees' expectations towards satisfying working places and job content exceed legal regulations. An appropriate and pleasant configuration of working conditions and climate, as well as a fair leadership style and corporate culture are just a few possibilities to show ethical responsiblity. Codes of ethics is an emerging framework help to define corporate values and behaviour and provide ethical guidelines for appropriate ethical behaviour of employees in certain situations (Crane & Matten, 2007). These codes do not only contain specifications to interior but also to exterior sets. Accordingly, external groups like customers or suppliers might benefit from such codes, too; especially suppliers expect high standards of fair and loyal business operations as well as just and preferential treatment. This framework may also improve customer satisfaction by determining firms' general behaviour towards them.

Nevertheless, customers also demand for transparency and information, a claim which might be satisfied with the introduction of social reporting, e.g. sustainability reports. Such voluntary accounting tools go far beyond official legal reporting duties (Crane & Matten, 2007) but supports customers to assess companies' voluntary commitment to society and creates a new dimension of identification through a shared pattern of existing values. Media and society do have a claim towards information and transparency. Thus, sustainability reports do also address those social stakeholder groups. Furthermore, local communities as well as federal governments expect companies to voluntarily commit to ethcial behaviour in order to diminish their general impact on the micro and macro environment, e.g. with an agreement of additional reduction of emissions, companies may filfil such expectations. SIGs expect organisations to fulfil their ethical responsibilities in terms of voluntary contributions to their founding purpose. Environmentalists, for example, demand companies to improve their operations and outcomes to a minimum level of environmental hazard. With voluntary commitments to reduce emissions or to recycling measures, companies might satisfy those claims. Furthermore, companies might incorporate SIGs as social consultants (Crane & Matten, 2007).

4.4 Philanthropy: The top level of business responsibility

4.4.1 Accessory philanthropic responsibilities

The discretionary and altruistic top level of the CSR pyramid expects firms to be good corporate citizens. Corporations are generally considered philanthropically responsible when by paying back profits to society by contributing financial or human resources (Blowfield & Murray, 2008). There are a lot of possibilities to accomplish pay back to society. The most common one, however, is supporting or even establishing foundations or communal institutions. These organisations do invest in public issues like arts, sports, youth projects or education and thus contribute to social benefit. Opposing to ethical responsibilities, these discretionary obligations are not directly expected by society, but rather desired (Carroll, 1991). Although the philanthropic dimension is often the trigger for most of the controversy regarding the CSR concept, it has to be considered as the icing on the cake of companies' CSR policy (Lantos, 2001).

4.4.2 Philanthropic actions to satisfy stakeholders

Despite the philanthropic character of those responsibilities, altruistic obligations must also be suitable to a company's strategic stakeholder direction. Thus, their support should focus mainly on those kinds of resources that are essential for them (Blowfield & Murray, 2008). Due to the nature of philanthropy, the centre of attention lies on external stakeholder groups. Society is one of the main consignees of this responsibility level, expecting contribution in order to increase social welfare and to enhance the quality of life. Donating financial or human resources to educational institutions for example, companies might contribute the improvement of public education levels on the on hand. On the other hand, companies themselves might benefit in the long-term as lots of industrial countries do already suffer from a lack of skilled labour due to demographical reasons. Furthermore, by supporting sports or charitable activities, organisations might improve their reputation as a socially caring entity (Tab. 2).

Table 2. Allocation of stakeholder expectations to CSR levels

		Economic	**Legal**	**Ethical**	**Philanthropic**
Primary stakeholders	**Financiers & owners**	□ return on investment □ capital certainty	□ voting right	□ sustainable property management	
	Employees	□ wages and job security	□ health and safe working environment	□ job satisfaction □ meaningful work □ development	
	Customers	□ supplyof goods	□ product quality and security □ appropriate price performance ratio	□ service □ prestige, clear conscience □ appropriate price performance ratio	
	Suppliers	□ high sale volumes and prices □ innovation	□ contract compliance	□ good partnership	
Secondary stakeholders	**Society**	□ financial contribution to social welfare □ growth and innovation	□ basic environmental safety and protection	□ transparency, information □ superior environmental protection	□ general contribution to welfare
	SIG			□ support for the founding purpose	□ generosity

5. Discussion, conclusion and outlook

Applying CSR to strategic management, society puts “names and faces” on those societal members, who are most important for them and to whom they must be responsible to. Thus, a natural fit between the concept of CSR and stakeholder theory can be examined (Carroll, 1991). Consequently, the four responsibility levels of Carroll’s CSR pyramid may strategically be connected with different stakeholder expectations. The economic fundament asks a profitable business, to meet owners’ and financiers’ ambitions on high returns on their investments. Moreover, technological development as an outcome of reinvested profits, improves companies’ competitive position and contributes to its long-term survival, as well as to general social welfare. Furthermore, solvency is fundamental for companies to pay wages and support supplier by purchasing goods. Assuming legal responsibilities appears twofold. On the one hand, obedience of laws protects organisations against penalties. On the other hand, regulations ensure a compulsory minimum level of product safety and quality to stakeholders, appropriate working conditions and a basic framework for social behaviour. Both, economic as well as legal responsibilities are required by society. To gain all-embracing stakeholder satisfaction however, unsolicited elements have to be added. The ethical level hence focuses on voluntary practices beyond the legal framework. It addresses special stakeholder claims, mainly by implementing of virtues like right, justice and fairness. Moral frameworks, like codes of ethics, are able create a consistent and value-based fundament for internal and external behavioural guidelines. This guarantees ethical handling of employees, customers, suppliers and other members of society. Additionally, sustainability reports help to satisfy the media, SIGs and a general desire for transitory information. With the philanthropic peak of responsibilities, organisations define their behaviour as corporate citizens. This level is discretionary and altruistic and generally addresses external stakeholders, like the society and SIGs. Society demands charitable supply of financial and human resources, though companies are able to satisfy exterior stakeholders’ claims by generosity and a contribution to social welfare.

Based on this consideration, we examine that all general stakeholder expectations deduced may be fulfilled with a proper assumption of all four CSR levels. Nevertheless, one must diferentiate between primary and secondary stakeholders’ satisfaction when managing stakeholder strategically. The CSR pyramid’s structure basically correlates with the strategic focus on primary and secondary claims. Priority stakes of primary stakeholders are mainly satisfied by fundamental economic, legal and ethical levels of the pyramid. Secondary stakeholders’ expectations, by contrast, have to managed by its higher, voluntary stages. However, due to a lack of standardised definitional approaches to both wide and vague ideas, the choice of the applied view is essential. Discussing the fit between the two concepts from a narrow perspective, an adequate satisfaction level of primary stakeholder through the voluntary top stages of the pyramid does not completely exist. With this respect, CSR seems to apply mainly to adversarial stakeholder groups (Freeman, 1984). Furthermore, the identification of individual stakeholder' claims and expectations is based on a general examination. In order to give an exclusive statement, one must assess every single business individually. By doing so, slight discrepancies may occur due to special features. To provide an assessment on an individual relationship, unique empirical analysis with regard to the single socio-economic context has to be examined. Nevertheless, considering these limitations we constitute that CSR is an adequate programme to satisfy stakeholder claims. In order to improve validity, further research on the topic is essential, which covers a clearer definitional setting of both concepts to sharpen the scope of the ideas and their implementation potential. Additionally, empirical examinations of the connection between the assumption of social responsibilities and stakeholder satisfaction must be executed to improve the acceptance of the approaches as well as their implementation in general.

Although the topic of responsible management is widely discussed in current literature, the question about the idea's disruptive potential towards the classical shareholder approach arises. It is undeniable that society's expectations towards business organisations are going to grow, supported by incidents like the current financial and economic crisis. Stakeholder management and CSR concepts constitute beneficial tools for theoretical as well as practical approach to responsible management, as they show the nature and the addressees of business societal responsibility. In combination, as shown in the analysis, they might represent an appropriate framework to satisfy public claims. Nevertheless, the examination also highlights the weaknesses of the prevalent concepts. Due to the wide range of concepts and definitions, a standard notion of the ideas is missing and concrete practical implementation can be difficult. Furthermore, adequate stakeholder identification and the deduction of the expectations are time-intensive and sensitive approaches, because of their dynamic character. CSR also underlies renewing forces like changing societal values and movements. Additionally, the driving force behind ethical and philanthropic practices is not a sense of responsibility, but rather solely enlightened self interest. Considering these weakening points, the assertiveness of responsible management seems to be quite low. Yet, the rising number of emerging trends towards a responsible business approach shows an opposite development. Tools like code of conducts, sustainability reports or the introduction of the Dow Jones Sustainability Group Index are new frameworks to design responsible behaviour in a company and to evaluate its implementation. With the previously mentioned demand for further research to standardise responsibility concepts, a high potential is created to boost the advancement of responsible management.

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