THE CHARACTERISTICS OF POWER, LEGITIMACY AND URGENCY OF STAKEHOLDERS AND THE ACTIONS OF CORPORATE SOCIAL RESPONSIBILITY OF COMPANIES

Edna Ribeiro Alves, M.Sc
Av. Nelson de Oliveira e Silva, 276, Pendotiba - Niteroi, CEP 24322 385
Rio de Janeiro - Brasil
E-mail: ednaribeiroa@hotmail.com

Eduardo Rodrigues Gomes, Ph.D
Universidade Federal do Rio de Janeiro
Rio de Janeiro - Brasil
E-mail: gomeduar@gmail.com

Leonora Figueirêdo Corsini, D.Sc
Universidade Federal do Rio de Janeiro
Rio de Janeiro - Brasil
E-mail: corsinileonora@gmail.com

ABSTRACT

The assumption of a linear/dual relationship between company and stakeholders has become obsolete from the complex interactive dynamic these groups exercise among each other. In the current view, each stakeholder plays a unique role in the various business activities in a way that requires from the company, among other things, competence and skill to manage these multiplicities of influences. As a result, the Corporate Social Responsibility (CSR) actions of the company end up compromised. This paper intends to identify potential impacts on the company’s CSR actions arising from the complex interaction of its interested parties. The presumption is that the relational attributes of power, legitimacy and urgency exercised in these interactions will define each group’s degree of importance, so that a stakeholder with a voice or greater pressure can compromise the company’s entire productive chain until the Company’s Social Responsibility.

Keywords: Stakeholder relations; Stakeholder salience; Stakeholder multiplicity; Corporate Social Responsibility

1. INTRODUCTION

Current literature regarding the issue of companies’ corporate social responsibility (CSR) has not proven to be sufficiently comprehensive to account for the entire range of effects the multiple interactions of stakeholders can provoke. Some studies, such as the one by J. A. Puppin Oliveira (2008), show that the old relationship of linearity, duality and interdependence exercised by companies’ interested parties and company is superficial in the face of the current demand their various dispersed minority shareholders require.

In the traditional view, the company only needed to dialogue with its owners and shareholders. In the contemporary perspective, the company already knows that it must listen to “the voice of its interested parties” along with “the voice of the owner”, since each of them is a social actor and plays a role of significant importance in the business, transforming the company into an establishment of multiple goals (Almeida, 2002; Oliveira, 2008).

Thus, the companies do not interact individually with each stakeholder, but with diverse forces, influences and interests, positively or negatively. In a spectrum of possible and variable contexts, these actors can interact, compete, complement and cooperate with each
other, besides forming alliances with other stakeholders, persuading a more powerful group to unite against the organization through product and service boycotts. These are only a few examples of situations that may arise from these intricate relationships between stakeholders in complex interaction networks (Rowley, 1997; Frooman, Audrey, 1999; Neville and Menguc, 2006).

The complexity of relationships between companies and stakeholders also indicates that, depending on the direction of strength, synergy, interaction and multiplicity the groups involved exercise inside and outside organizations, other relational arrangements may arise, promoting combination, moderation and synergies which can greatly compromise the business activities (Neville and Menguc, 2006).

Amid relations becoming complex arises the issue of CSR actions which remain at the mercy of the management of these interactions and seek, among other prerequisites, a transparent ethical and moral relationship of the company with its stakeholders, aiming the economic development which is based on sustainability (Ashley, 2005). In this sense, investigative procedures are demanded for the survey of conformity in CSR practices of companies. Through dialogue with the interested parties, which results in the actual essence of RSC practice, it becomes mandatory to know who to talk to and why. In this way, the power of communication appears as an instrument that facilitates dissemination and accessibility of business information (Almeida, 2002; Oliveira, 2008).

In our previous study about the problem of relations with managers of the Suppliers, Human Resources and Social Responsibility areas within the energy segment (Alves, 2011), we could observe that other attributes besides power, legitimacy and urgency arise from these relation networks and compromise CSR practices even further. Based on the interviews with those managers, we formulated questions such as: what other attributes could compromise the interactions between company and interested parties? What would be the importance of the statement of ethical value for the company’s commercial transactions? How are companies handling the dimension of transparency in their business? In what way do the multiple interactions of stakeholders compromise CSR practices? These questions have given rise to new reflections and analysis of the literature concerning CSR actions of companies and the impacts on interactions of stakeholders.

2. DEFINING THE PROBLEM

The multifaceted relation between companies and stakeholders is a great challenge for their managers. In this context, the relational dynamic resulting from the interactions of these social actors brings out other characteristics in the groups which can be identified, recognized and even invested with attributes of power, legitimacy and urgency.

A potential “tensioning” of this typology could happen when a stakeholder with greater power or pressure compromises the entire productive chain, besides having impact on the company’s CSR assumptions (Mitchell, Agle and Wood, 1997). Thinking of concrete situations in which this phenomenon can be observed, we remembered the case of the General Motors car assembler who had to do a huge recall in February this year (2.59 million cars) because of a faulty ignition key which caused, among other problems, involuntary engine shutdown, besides preventing airbag deployment in the vehicles. The defect had been detected in 2001; however, no measure was taken in the production sector to repair it, which led to fatal accidents of consumers (O Globo, 6/6/2014). This fact, widely reported in the media, besides causing fatal accidents to consumers, also brought great loss of economic nature and moral reputation to the company.

Another situation which raises considerations about the issue of the impacts and the extent of actions of companies and interested parties in terms of CSR is one that involves the seizure of a total of 64 books in two bookstores from Macaé, in the State of Rio de Janeiro, after an order of service issued by the judge of the 2nd Family, Child, Youth and Elderly Court of that city. The books were seized for containing material unsuitable for children under 18 years old and for not being in sealed packages with a warning about their content. In total, nineteen different titles were collected. Among them were works that
make up the Fifty Shades of Grey trilogy, written by E. L. James, which had eleven units seized. This action mobilized police officers and Commissioners for Justice. The books which were displayed in the windows of the Casa do Livro and Nobel bookstores were taken to the 2nd Court. A subpoena was issued to the bookstores' owners, establishing the period of five days to retrieve the material by complying with Art. 78 of the Statute of the Child and Adolescent. The appeal by the bookstores' owners claimed that the books had been distributed by the publishing house to its franchisees without being properly packed and sealed. In this case, who should answer for the ethical and moral dimension, the supplier or the franchisee?

In the food segment, the Casa do Pão de Queijo cafeteria, pioneer in the commercialization of Brazilian cheese buns with over 45 years of existence and more than 400 franchised stores, besides having over 1000 sales points in the Brazilian market (which gives it the title of largest chain in the Cafeteria segment), also brings up the issue of CSR concerning product quality and added value. The company, which started crafting its products by hand, has expanded and, from 1987, began producing on an industrial scale. To enable the high production and guarantee to maintain the flavor, texture and quality of the original homemade product, the company sought a partner with a technological solution suitable and adherent to its principles and values. Casa do Pão de Queijo is the only company in this segment which is certified by the ISO 22000 standard – Food Safety Management System which endorses and guarantees the quality of its products. The focus of this benchmark is the food safety in all steps of the supply chain.

For the purposes of this study, we will examine some of the main assumptions, both from the stakeholder theory, in the typology proposed by Mitchell, Agle and Wood, and from some principles in the CSR field. These theoretical and conceptual assumptions shall be described and analyzed below in section 3.

3. A FEW THEORETICAL AND CONCEPTUAL ISSUES

3.1. Company and Stakeholders Approach

We can start with the premise that the company is an organization of resource systems that seeks to achieve one or many goals via processes of transformation and division of labor to produce results and generate returns to the company and the corporation. Its leaders are responsible not only for the intricate task of making this mechanism feasible through the responsible management of its various interested parties, but also for listening and learning which of these groups demand voice and greater importance within the company (Maximiano, 2004; Savage, Nix, Whitehead, Blair, 1991).

In turn, the notion of stakeholder appears in the sixties, in the field of Administration Science with the sense of importance that all groups related to the business exercised in the company; otherwise it would not exist. Therefore, already in its origin the stakeholder theory emphasized the relevance that groups and audiences such as shareholders, employees, clients, suppliers, creditors and the actual corporation represent to the company. Understanding the concerns of these audiences and developing goals which were supported by them was already an issue being addressed back then (Freeman and McVea, 2001).

More interactively, Freeman (1984) defined the term stakeholder as any group or individual which impacts the company’s business and is impacted by it; this is the currently used definition. On the other hand, Donaldson and Preston (1995) expand the conceptualization, proposing that stakeholders are all persons or groups with legitimated interests which belong to a company aiming to gain benefits and, therefore, there is no reason to prioritize them over another. To these authors, there is a multiplicity of definitions for the term stakeholder that vary according to its scope.

2 Source: www.casadopaodequeijo.com.br/quemsomos.
In the last two decades, four distinct lines of research of Administration appeared to address the issue of stakeholders: corporate planning; systems theory; corporate social responsibility and organizational theory (Freeman and McVea, 2001).

In the line of strategic planning, successful strategies are the ones which satisfy the interests of all stakeholders as opposed to the premise of maximizing a single group to the detriment of the others. Meanwhile, the lines of systems theory and organizational theory stress the idea that companies are open institutions which interact with various parts external to them. They require, therefore, the development of general assumptions common to the group, besides the legitimated recognition of all those involved in the company's business for its long term survival. Finally, the line of corporate social responsibility promotes the survey of business cases and testing without scientific connotation intended to value the importance of building strong and trustworthy relationships, besides a favorable reputation with all groups outside the company for a successful administrative management (Freeman and McVea, 2001). The latter is the thematic line which will be studied in this paper.

In the line of corporate social responsibility, organizations are seen as open and contradictory systems in that they operate in an environment with a wide variety of stakeholders with diverse interests and power, imbued in strength to cause impacts on the corporate and business strategic units. As a result, in order to meet business goals, the managers receive the task of implementing plans and actions to engage the many social actors, bringing them to the company and, consequently, minimizing the subjugation of these interested parties. There is in literature numerous examples of companies that neglected the importance that these audiences have in their business and ended up being devastated or destroyed (Savage et al, 1991; Tapscott and Ticoll, 2005).

The management of interested parties has become critical for the success of organizations, as it is not enough to meet the economic, legal and regulatory requirements of the market; through social responsibility, the aim is to attend to key stakeholders for the company, avoiding adverse actions both in the establishment of the organizational structure and in general politics and decision making, which reinforces the function of multiple goals. In this way, it is the administrator's job to give attention to diverse interests, besides ensuring the company's wellbeing (Savage et al, 1991; Donaldson and Preston, 1995; Evan and Freeman, 1988). The company's main goal is to act as a channel for coordinating interests of its interested parties, besides creating and distributing wealth to those considered primary stakeholders (shareholders, employees, suppliers and consumers). The group consisting of unhappy workforce and clients can mitigate profits and affect the company's stock price, resulting in loss not only to the so called primary interested parties, but to all those involved in the business (Evan, Freeman, 1993; Clarkson, 1988; Brealey; Myers; Allen, 2008).

According to the contemporary approach that highlights the multiple and complex interactions of stakeholders and companies as opposed to the old linear/dualistic relation in which the company only gave attention to owners and shareholders, the interested parties are now seen as "mini shareholders". Stakeholders are thus understood as social groups that represent the company's most important capital resource nowadays, besides exerting strength and influence in the entire productive chain; they have the power to influence directly or indirectly the success of companies.

3.2. Typology of Mitchell, Agle and Wood
The stakeholders' union capacity, according to their claims, to attract the attention of managers in terms of power, legitimacy and urgency was discussed by Ronald Mitchell, Bradley Agle and Donna Wood in the article "Toward a theory of stakeholder identification and salience: defining the principle of who and what really counts," published in 1997. According to the authors, power, legitimacy and urgency would be the three primary relationship attributes between these groups which act independently or interactively in the business scenario. If the company does not take responsibility for the wellbeing of its interested parties, making dialogue a constant practice, these groups will impose their
claims, legally and morally, in accordance with their criteria of importance. Stakeholders are the company's first investors, and each one of them represents a circle of interest for it, thus requiring monitoring by the managers (Sitaru, 2009).

The first attribute proposed in the work of Mitchell, Agle and Wood, the attribute of power, corresponds to an important variable within the interested party relation management theory. Power by itself does not contribute to the perception of complexity of its action in these interactions, but, according to the authors, it demands knowledge of who or what is really important to management. In Max Weber's sociological perspective (1947), power is linked to the possibility of a given actor “A,” within a determined social group, being able to influence another actor “B,” so that he does something which he would not have done without the power of persuasion of actor “A.” Weber highlights the legitimacy of a leader's power of domination or charisma: this power, when exerted in an extraordinary way, extrapolates standards and rules, therefore requiring a deeper analysis of the subjective implications of these relations.

In practice, the power attribute appears in many ways. It can present itself as a form of coercion – the so called coercive power – in the sense of the use of physical resources of strength, violence or restriction. Or as utilitarian power, based on financial and material resources, besides normative power, which is based on symbolic resources (Etzioni, 1964). However, Mitchell, Agle and Wood, 1997, will highlight over three decades later that power, isolated from legitimacy and urgency attributes, does not guarantee greater importance of a social group over another or even others.

In organizations, these powers may not only represent an area of friction and, thus, a danger zone in the relations between their interested parties, but also signalize a significant impact on the companies’ Corporate Social Responsibility (CSR) practices, compromising the primary goal of these actions.

By appropriating the power of strength, stakeholders can impose their claims on the companies’ managers, asserting them to the detriment of other business interests. Nonetheless, as argued by Mitchell, Agle and Wood (op. cit.), power, besides being variable, since it presents a position of instability in its relations, is transitory: at the same time in which one acquires power, one can also lose it. The movement of social actors imbued with power sometimes instituted to one group, sometimes to another, generates conflict between certain groups and, consequently, results in inconvenience for CSR practices.

The second attribute, legitimacy, identifies the stakeholder which requires attention from the manager, although the emphasis on this attribute, if decoupled from the attribute of power, does not reflect the understanding of the theory. Mitchell, Agle and Wood observe that there may be stakeholders considered legitimate but that, despite this legitimacy instituted in their interactions, do not exert influence in the group.

Legitimacy may also indicate that the actions of an organization are welcome and appropriate within a system of standards, values, beliefs and definitions (Schuman, 1995). This approach may be present in different levels of analysis in an individual, organizational and societal way (Wood, 1991). In this study, however, the legitimacy attribute is only addressed in an organizational manner.

To Mitchell, Agle and Wood, the principle of legitimacy is a “good social will” that goes beyond a minimalist and personal view and can be evidenced in different levels of the social organization. Legitimacy qualifies and identifies the power of influence of a stakeholder in companies, which can compromise the CSR actions positively or negatively. Legitimacy is linked to the organizational institutionalism in regard to the rational and utilitarian aspects, besides the symbolic and social ones (Rossoni; Silva, 2010).

Nevertheless, the dynamic of interactions of interested parties does not occur only through the identification of power and legitimacy attributes. The third attribute, urgency, assumes change from a static model to a dynamic form in these groups' relations and suggests...
greater influence in such audiences’ claims. The urgency attribute points out the imperative power of stakeholders to define the degree of sensibility, criticality and pressure, seeking to catch the attention of the companies’ managers to their claims (Mitchell, Agle and Wood, 1997).

The attributes of power, legitimacy and urgency generated in interrelations between companies and their interested parties are variable, besides socially constructed, and may be consciously and intentionally present in relations between stakeholders and companies’ management. In this way, the companies’ CSR actions become tense and complex.

The juxtaposition of the three attributes – power gains authority when it appropriates legitimacy and exerts urgency – will bring greater dynamism to relations between company and stakeholders, being constantly flowing. Sometimes an attribute is linked to certain group, sometimes to another. According to the different and intricate roles played by the groups, the managers are left with the responsibility to conciliate the divergent interests; based on the premise that only managers are the stakeholders which represent the company, they are responsible for the task of making decisions (Mitchell, Agle and Wood, 1997; Hill, Jones, 1992).

On the other hand, the theory of Mitchell, Agle and Wood predicts different levels of action of these various social actors indicating a possibility of conflicts beside the willingness to cooperate: stakeholders may be against or for the company. According to the authors, the presence of only one of the three attributes in interactions characterizes a low level of importance. When two attributes appear, a moderate level is verified and, finally, it is considered a high level of importance when the three critical levels of power, legitimacy and urgency are combined and present in the interaction of a stakeholder and the company. Furthermore, the groups of interested parties may be classified within a system of attributes that typifies them as dormant, discreet, demanding, dangerous, dependent, definitive stakeholders, depending on the type of articulations, demands and pressures they exert on the companies; or even non-stakeholders.

Following the diagram in figure 1, we see that stakeholders which possess only one attribute – power; legitimacy; or urgency – are classified respectively as “dormant” (1); “discreet” (2); and “demanding” (3). These stakeholders may also be called “latent.” Meanwhile, stakeholders which combine two attributes – power and legitimacy; power and urgency; urgency and legitimacy – would correspond respectively to the “dominant” (4); “dangerous” (5); and “dependent” (6) types. They are recognized as “moderate” stakeholders or even “spectator” stakeholders because they are always expecting something. Finally, the interested parties which exert power, legitimacy and urgency in a articulate manner, classified as “definitive” (7) stakeholders, are the most important groups, because they use the three attributes combined to influence the company in their favor. The non-stakeholders or potential stakeholders (8) lie outside of the complex and are considered individuals or entities which do not possess any influence attribute.

Therefore, it is up to the managers to realize who or what actually matters in the relations of interested parties – a job that, for this reason, demands more attention from them. This perception foes beyond the simple identification of each interested party. The managers are who will define which stakeholders are or seem to be more prominent. Managers must not take and significant action with the so called “latent” (dormant, discreet and demanding) stakeholders, they just have to identify them. These stakeholders only possess the “power” to impose their interests on the company, a power which lacks legitimacy and urgency; thus, they do not offer greater difficulties to be administered. Meanwhile, the ones considered discreet possess “legitimacy,” but not the other attributes to influence the company. These would be, according to the referenced authors, particularly interesting to CSR scholars. In the same line of reasoning, “demanding” stakeholders are those who claim “urgency” in their relations, but do not possess power and legitimacy. They are, according to the authors, the so called “mosquitoes buzzing in the ears” of managers. They are not considered dangerous; they annoy, but do not require further attention.
The interested parties classified as “spectators” in the line of the ones understood as “moderate stakeholders” can even possess all three attributes, but one of them is always in a less relevant position in the relations with managers. However, the level of attention required from the managers to them is high. This case includes the ones considered “dominant,” in which the power is secured with legitimacy. They form a “dominance coalition” and will, this way, impact the actions of managers. Many scholars of the subject try to consider only this type of stakeholder in companies, because they expect and receive much attention from managers.

Also in the groups considered “moderate” are the “dependent” stakeholders. They are the ones characterized by little power, but with urgency and legitimacy. They are classified as such because they depend on other stakeholders or on the companies to support their wills, a fact which illustrates the dynamism of interactions of these audiences and which requires further attention from managers to deal with them.

The groups recognized as “dangerous” within the moderate stakeholders classification are those who, due to possessing little legitimacy, will probably be “coercive” and maybe even “violent,” thus becoming dangerous to the company. In this case, the coercion acquires a sense of illegitimacy in the actions of these groups. Mitchell, Agle and Wood (1997) attribute strike, sabotage and terrorism actions to these groups to draw attention to their claims.

It is important not only for the stakeholder, but also for the manager to seek the attribute of legitimacy from all interested parties in their practices. Besides minimizing potential gaps in these groups’ relations, it is a welcome credential to business and to life. The non-perception or lack of adequate treatment from managers in the identification of this type of interested party in the company’s interactions may represent a great damage to business. This fact by itself demands special attention not only from managers, but also from the company as a whole.

The last classification to be verified in the relations of interested parties according to this model corresponds to the position of “definitive stakeholder.” These stakeholders represent the interested parties who possess power and legitimacy, and, when their claims generate urgency, the three attributes are recognized and, for this reason, require immediate attention from managers. The attribute of urgency in the interactions may lead to the movement of stakeholders considered dominant to the definitive category, for instance.

The managers are left with the challenge of not only identifying and managing the intricate interrelations of these groups, but also being alert to the different degrees and types of attention that the interested parties will require from them (managers). These aspects will be directly related to the level of the power, legitimacy and urgency attributes exerted by the groups which may vary in terms of time and in the relevant issue to be debated, sometimes turning them into latent stakeholders, sometimes moderate and sometimes potential. This fact attests to the dynamism of the placement of interested parties in the relations with the company and the importance of recognition from the managers to these movements. The closer entrepreneurs and managers are to these interested parties, more material and human resources they (managers and entrepreneurs) will have the chance to earn, in an easier way and at a low cost. This minimizes the business risks (Robu; Savlovsch, 2011).

The described model is only a way to recognize the importance verified in the Stakeholder Theory. It presents itself as a strategic point of management of companies. Mitchell, Agle, Wood (1997) argue, following theorists like Freeman, Clarkson, Donaldson and Preston, that this theory should articulate a standard to address the relation of these audiences. They also note that the management of relations of interested parties and company involve companies’ CSR practices.

3.3. Corporate Social Responsibility Actions and the Relation between Company and Stakeholders
It is not possible to address the issue of the company's corporate social responsibility practices in a separate manner from the assumption of multiplicity of interactions of the
interested parties. The stakeholder theory not only illustrates this statement, but also strives to determine which requests are directed to the company by these groups, besides predicting which of them should be taken into account as a priority. The issue of responsibility refers to the demands which individuals or groups of individuals who have interest in the company make. Therefore, who are these groups? How many of these groups should be catered to? Which interests are most important? How is it possible to balance their interests? How much should the company have available to meet the interests of its interested parties? These are only some of the issues the literature is still exploring regarding the stakeholder groups (Jones, 1980).

The term corporate social responsibility has a variety of different definitions. In a comprehensive manner, these different meanings are linked both to the concepts of economic performance of organizations and sustainable development, and to the vision of a more just and equitable society, bearing their relationships with their interested parties in mind (Amaeshi and Bongho, 2007; Cetindamar, 2007). It is also possible to point out the assumption of social responsibility as an ethical attitude of socially responsible companies (Sternberg, 1998).

To World Business Council for Sustainable Development (WBCD), CSR predicts a continuous interest from the interested parties to act in an ethical manner, contributing to the development of the economy and the quality of life of employees and their family members, beyond the communities involved and society as a whole (Holme and Watts, 2000).

In this sense, companies should be aware of potential problems they cause to their surroundings, for the purpose of minimizing possible damages arising from the activities they carry out. Therefore, one can verify not only the importance of CSR to the economic and social factor, but even the need for responsibility and commitment to the environment, since the quality of the relationship of a stakeholder and the company, when he or she requires attention and exerts strength, is legitimate, causes urgency and generates power within the organizations.

The companies’ CSR initiatives may also be analyzed from the point of view of dimension of transparency and of ethical values, principles which assume reliability via clear commitments that the company must establish and comply with along with its network of stakeholders (Tapscott and Ticoll, 2005). This approach attests to the legitimacy that the stakeholders have been acquiring within the companies, which has been the basis for understanding CSR (Mostardeiro, Ferreira, 2005).

On the other hand, it is admittedly accepted that ethics, culture and moral values are inseparable from any notion of business responsibility. The fact that a organization is considered to have certain responsibilities to their interlocutors necessarily involves an ethical elaboration and vice versa. To Ashley (2005), considering the ethical and moral entanglement of relations, the moral values are linked to personal beliefs, recognized behaviors accepted or not by the actual individual and by the environment in which he or she is inserted. While ethics are addressed through previously established rules, morality in contrast is less rigid and varies according to the social space, country, social group or the actual person in question. Thus, ethical and moral values not only exert influence on the interactions of the company and its interested parties, but also define rules and codes to be obeyed by these audiences. Such values are complementary, since ethics signalize a direction for morality, which serves the fundamental precepts of each individual’s background and is linked to the culture of the society in which he or she lives (Ashley, 2005).

Concerns with CSR involve, therefore, beyond questions of ethics and morality, other dimensions that complicate the company’s socially responsible attitude. Thus, the assumption of transparency in business imposes itself as a significant value in the relations of the company and its stakeholders for its declared CSR practices. Transparency as a management and CSR practice instrument has been a topic of discussion in the business world, aiming to promote accessibility of the various audiences which affect
organizations and are affected by them. The transparency fosters the strength of credibility in the economic, social and political information of the interested parties (Beller and Kaufmann, 2005).

Currently, stakeholders armed with information, privileged or not, acquire power and legitimacy in front of the urgencies of the company’s demands and expose the organizations to judgment from society. Corporations are, indeed, more and more susceptible to the scrutiny of the media and the governments. Social groups linked to the companies are dealing with these subjects by themselves; regardless of whether or not there is cooperation, companies suffer investigations and are probed by their interested parties (Tapscott and Ticoll, 2005), so that not only do they evidence and reinforce the premise of interactional multiplicity of these audiences with the company, but also compromise CSR initiatives.

4. NEW POSSIBLE INTERACTIVE ATTRIBUTES?

The stakeholder typology proposed in the model of Mitchell, Agle and Wood (1997) highlights that the urgency attribute is a variable which modifies, reinforces and empowers a stakeholder, thus creating a situation of risk and conflict to the company’s CSR management. A stakeholder who is definitive and demanding to the company’s business, when empowered, can surpass the values committed to the CSR practices.

In a previous study done along with the Oil & Gas segment (Alves, 2011), we could observe the real dimension of the model at the moment when the manager from one of the companies declared that, within his network of suppliers, only one had expertise to meet an immediate demand from the company. The importance generated by the situation’s urgency and the lack of competitors imposed the contracting of services from a third party, even if this party did not meet the CSR requirements predicted by the company. Besides a demandant with power, legitimacy and urgency, invested with high critical power of influence, this would be, according to the theory, that definitive stakeholder who really matters.

We could also take again the example of the already mentioned General Motors (GM) recall. GM is one of the biggest automakers in the world, present in over 120 countries, with annual sales of over nine million vehicles and diversified business by product and geographic market. In its Guide to Corporate Governance, GM claims to acknowledge the importance of its interested parties, namely clients, collaborators, suppliers, government and the general public, to the company’s success. The company also claims that the role of the Board of Directors, among other jobs, is to regularly analyze and discuss the reports submitted concerning performance as well as significant events, risk issues that could affect the business of the company.

Through the press, the market received the news that GM’s crisis erupted in February 2014 when the assembler recalled discontinued models, such as the Cobalt model, because of the defective ignition. It had been found that, with a jolt, the car key could turn to the “accessories” position and thus disable the steering wheel and prevent the airbag functioning. However, the ignition key defect problem, reason for the recall, was known by the company long before, since 2001, despite the recall of 1.6 million cars for repair in North America only effectively beginning in February 2014, reaching an amount of 2.59 million vehicles. The incapacity to diagnose the problem was described in the documents produced in the investigation, which interviewed two hundred witnesses and collected 41 million documents. Accidents, deaths and stock plunge on the New York Stock Exchange are some of the consequences brought on by the assembler’s failure, besides the dismissal of fifteen managers, including the vice president of sustainability and global regulation matters, informed Bloomberg News.3

The failure to pay attention to the urgency of the repair that this defect would require has already cost GM a fine of US$ 35 million, the highest allowed number by the National Highway Traffic Safety Administration (NHTSA) ("O Globo", 06/06/2014). The inquiry also concluded that the company used an ignition with specification below the desirable level and that the engineers did not predict the consequences of this option. The report states that: “over eleven years, there was no sense of urgency” by the managers responsible for monitoring potential adjustments.

Keeping the premise of the model of Mitchell, Agle and Wood (1997), we can initially conclude that the stakeholder/consumer, empowered and legitimated demandant and, therefore, definitive, invested with high power of influence, did not receive from the company the attention and urgency owed to him or her. However, taking into account the results of interviews with representative managers of the Directorate, of the Social Responsibility and Human Resources areas in companies in the energy segment (Alves, 2011), we are in a position to state that the dimensions of transparency and ethical value in the relations established between stakeholders and companies are attributes which should be equally considered. Ethical value is understood here as part of the strategic process of decision-making, which is based on a code of ethics committed to all interested parties. Meanwhile, the dimension of transparency has the sense of accessibility to all information in the hands of the company which concern the interactions between these various groups and contribute to the company being considered socially responsible, more attractive and, thus, more competitive in the market.

Therefore, in order for a company to carry out its CSR practices in an ethical and transparent manner in the society in which it is inserted, its managers must meet the premises of power and legitimacy that its interested parties exert, at the same time in which they give attention to the urgency that demands from these social groups can require from the company. Otherwise, the CSR actions may be compromised.

The multiplicity and complexity characteristics are thus reinforced in the interactions between stakeholders and companies, and these characteristics come to demand an extension of the typology. We present in figure 2 a new diagram of interactions of these audiences which could support future research and a new conceptual model.

5. CONCLUSIONS AND REFERRALS

This study intended to bring attention to the issue of multiplicity of interactions of stakeholders and company for CSR practices. In light of the theoretical foundation mobilized for the research, it was verified that this hybrid interrelation of groups causes tension to their managers beyond compromising the intrinsic actions of a socially responsible company. These relations in turn are linked to the culture of the company, to beliefs and values of its managers and the society in which it is inserted.

The situations presented in this work, besides providing an illustration, confirm what is said in the stakeholder theory and the literature about corporate social responsibility concerning situations in which a stakeholder is empowered and legitimated and thus creating urgency, which ends up making him or her privileged concerning the company’s demands, which sometimes creates situations that surpass the basic rules of corporate social responsibility. A supplier can, for instance, be hired even if he or she did not meet a legal requirement prescribed in the company’s Code of Ethics or its CSR practices. Or the managers decide to order an urgent training of suppliers to overcome the problem.

We verified, moreover, that other attributes could arise in the interactions of interested parties and companies and have an impact on the entire production chain. In this case, the ethical value and the dimension of transparency came up as aspects which could compromise an organization’s CSR practices. As seen in the GM recall case, failure of a stakeholder – internal client – triggered a disastrous problem which affected all parties involved in the process by reinforcing power, legitimacy, urgency, ethical value and transparency premises in the business concerning another stakeholder – consumer. This failure had a huge impact in this company’s interactions with its stakeholders and caused
major disruptions of a financial nature, of reputation and of credibility for the entire company.

Finally, we conclude that the relational attributes of power, legitimacy, urgency, ethical value and transparency cross the multi stakeholder relations of a company. Besides reinforcing and supporting the principle of conformity to the multiplicity of interactions of these social groups, these attributes have strength to compromise the entire productive chain of the companies, bringing as consequence damages to the companies’ corporate social responsibility actions and, thus, making them less attractive, since CSR is an indispensable and differential factor in the current market.

For future studies, we can suggest a more thorough investigation regarding potential new interactional attributes among the managers of the various interested parties and the companies, including the prevalence of more than one attribute of influence recognized in a same stakeholder.

**Figure 1 – Classification of Stakeholders**

![Classification of Stakeholders](source: Mitchell, Agle, Wood, 1997)

**Figure 2 – New interactive model of company and stakeholders adapted**

![New interactive model of company and stakeholders adapted](source: Adapted from Mitchell, Agle, Wood, 1997)
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