Impact of Social Responsibility Programmes in Stakeholder Satisfaction: An Empirical Study of Portuguese Managers' Perceptions

Fonseca Luis
Polytechnic of Porto (ISEP), Porto, Portugal

Ramos Amílcar, Rosa Álvaro
ISCTE—Lisbon University Institute, Lisbon, Portugal

Braga Ana Cristina, Sampaio Paulo
University of Minho, Minho, Portugal

This study investigates the relationship between social responsibility programmes of organizations and stakeholder satisfaction. Based on stakeholder theory, an online survey was administered to managers of Portuguese organizations with certified management systems. The findings suggest that stakeholder satisfaction is indeed increased with a social responsibility programme, as suggested by Freeman's stakeholder theory. The components of social responsibility programmes that we discussed in this paper comprehend, among others, the "best governance practices", "best customers, suppliers and partners management practices" and "best social inclusion and society support and relationship practices", and do provide a balanced and continuously satisfaction to the different sets of stakeholders as shown by our survey results.

Keywords: social responsibility of organizations, stakeholder theory, sustainable success

"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs" has been defined by the Brundtland Comission Report (WECED, 1987, p. 42). This implies the simultaneous search for profitable economic development, social progress and equity and respect for the environment while creating value for shareholders, customers, workers and the society at large. This also requires a multi-disciplinary and systemic approach since the global nature of the issues requires that economic actors, governments, public and private organisations and citizens are actors

Corresponding author: Fonseca Luis, assistant professor, School of Engineering, Polytechnic of Porto (ISEP); research fields: corporate social responsibility, sustainability and quality management. E-mail: lmf@isep.ipp.pt.

Ramos Amílcar, assistant professor, ISCTE—Lisbon University Institute; research field: corporate strategy and corporate social responsibility. E-mail: amilcar.ramos@iscte.pt.

Rosa Álvaro, assistant professor, ISCTE—Lisbon University Institute; research fields: strategy, corporate governance, quality management and mathematical and quantitative methods. E-mail: alvaro.rosa@iscte.pt.

Braga Ana Cristina, assistant professor, University of Minho; research field: applied statistics. E-mail: acb@dps.uminho.pt.

Sampaio Paulo, assistant professor, University of Minho; research fields: quality management, applied statistics. E-mail: paulosampaio@dps.uminho.pt.

in this process.

In recent years, corporate social responsibility (CSR) has become a relevant concept that frames the business contributions to sustainability (Commission of the European Communities, 2002). Although there is no consensus concerning the concept of CSR (nature, motivations, impacts) and the results of the research (MacWilliams & Siegel, 2001; Aragón-Correa & Sharma, 2003; Orlitzy, Schmidt, & Rynes, 2003; Margolis & Walsh, 2003; Vogel, 2005), literature reviews allow us to conclude that most definitions take into consideration economical, social and environmental dimensions (Hediger, 2006).

For the purpose of this work, we will adopt one of the most recent definitions of social responsibility of an organizations (and use the more broader term of "organizations" instead of "corporate") that has been approved in the multi-stakeholder ISO 26000 standard: Social responsibility is the responsibility of an organization for the impact of its decisions and activities on society and the environment, through transparent and ethical behaviour that: contributes to sustainable development, including health and the welfare of society; takes into considerations the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behaviour; and is integrated throughout the organization and practised in its relationships.

Do Social Responsibility Strategies Contribute to Their Stakeholders' Satisfaction?

Scholars within the neoclassical economics tradition argued theoretically that corporate social responsibility strategies unnecessarily increased firm's costs therefore creating a competitive disadvantage compared to competitors (Friedman, 1970).

However, many other scholars have argued that companies that satisfy the expectations of their stakeholders have higher economic benefits than competitors and achieve positive differentiation (Hilman & Keim, 2001; Berrone, Surroca, & Tribó, 2007). According to other studies, improved social performance may also lead to a positive effect on employees (Brammer, Millington, & Rayton, 2005; Ahamad, O'Regan, & Ghobadian, 2003) and customers (Folkes & Kamins, 1999; Maigan, 1999; Crever & Ross, 1997).

In this work, we try to investigate if social responsibility strategies can contribute to the sustained satisfaction of organizations' stakeholders. This could improve organizations' sustainability (ability to achieve and maintain their objectives in the long term), by consistently meeting the needs and expectations of the interested parties, in a balanced way, over the long term.

Theoretical Framework

Stakeholder theory (Freeman, 1984) is the main theory supporting the business case for social responsibility of organizations by focusing on the importance of a firm's relationships with critical stakeholders that may lead to better performance, as organizations that integrate business and societal considerations create value for their stakeholders.

Objective and Hypotheses

Based on literature and managerial contribution, the following "conceptual model" has been proposed to be empirically tested (see Figure 1).

The research hypothesis is as follows: Social responsibility program performance has a positive relationship with stakeholders' satisfaction.
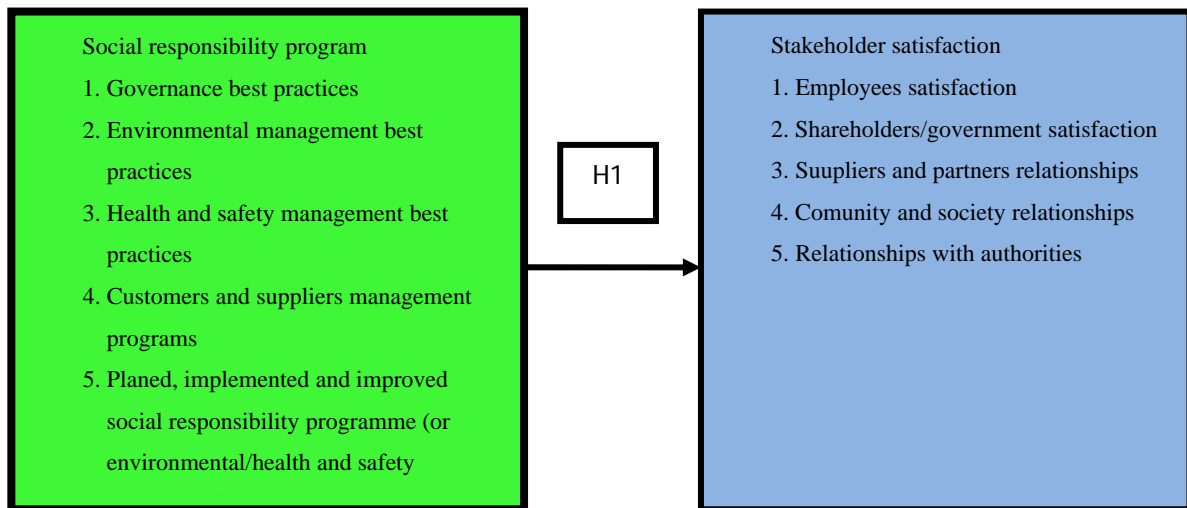
Figure 1. Conceptual model.

Method

Sample

Sampling frame consisted of quality, environmental and/or safety managers of organizations with management systems certified by APCER—Associação Portuguesa de Certificação[1]. Of the 2,906 managers contacted by e-mail, 375 responses were received (with 204 full complete responses).

Instrument

A self-administered online questionnaire was used (LimeSurvey).

Procedure

Following literature review and managerial contributions, an exploratory study was performed with key quality, environmental and safety and sustainability managers. A pre-test of the questionnaire was made and the respondents were contacted by e-mail to fulfill the final questionnaire via web.

Results

"Social responsibility program" is the independent variable (with six dimensions) and "stakeholder satisfaction" is the dependent one, composed also with six dimensions. All variables were measured with a 1 to 7 Likert scale and construct reliability was tested with Cronbach Alpha (see Tables 1 and 2).

Table 1

Correlation Coefficients

Correlations (Spearman's rho)	Variable 7	Variable 8	Variable 9	Variable 10	Variable 11	Variable 12
Variable 1	0.332**	0.452**	0.575**	0.479**	0.412**	0.334**
Variable 2	0.287**	0.353**	0.302**	0.429**	0.421**	0.359**
Variable 3	0.397**	0.470**	0.357**	0.561**	0.479**	0.347**

(to be continued)

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[1] Portuguese Association of Certification. Retrieved from http://www.apcer.pt.

Variable 4	0.471**	0.533**	0.440**	0.640**	0.501**	0.360**
Variable 5	0.293**	0.433**	0.311**	0.457**	0.581**	0.444**
Variable 6	0.346**	0.361**	0.263**	0.405**	0.426**	0.298**

Note. ** Correlation is significant at the level of 0.01 (2-tailed).

Table 2

Legend

Variables	Description
Variable 1	Best governance practices
Variable 2	Best environmental management practices
Variable 3	Best health and safety and employees benefits practices
Variable 4	Best customers, suppliers and partners management practices
Variable 5	Best social inclusion and society support and relationship practices
Variable 6	We have a social responsibility program (or an equivalent environmental or health and safety program)
Variable 7	Customer satisfaction has continuously increased over last three years
Variable 8	Employees satisfaction has continuously increased over last three years
Variable 9	Shareholders satisfaction has continuously increased over last three years
Variable 10	Quality of suppliers and partners relationship has continuously improved over last three years
Variable 11	Relationship with community and society has continuously improved over last three years
Variable 12	Relationship with authorities has continuously improved over last three years

Discussion and Conclusions

As it is illustrated in Table 1, all the results show a positive medium to moderate correlation between social responsibility programme and stakeholders' satisfaction and all correlations are significant at the level of 0.01 (2-tailed). "Best governance practices" do present the highest correlation with "shareholders' satisfaction" (or government, in case of a public organization), while "best customers, suppliers and partners management" variable is high correlated with "customer satisfaction", "employees satisfaction" and "quality of suppliers and partners relationship improvement". Finally, "best social inclusion and society support and relationship practices" show the highest correlation with "relationship improvement with community and society" and "relationship improvement with authorities".

Theoretical and Practical Contributions

In this work we find evidence that according to a large number of Portuguese managers that belong to organizations with a certified management system, stakeholders' satisfaction is significantly higher when a social responsibility programme is present, as suggested by Freeman's stakeholder theory. This work also has relevant contributions for management practice highlighting the importance of "best governance practices", "best customers, suppliers and partners management practices" and "best social inclusion and society support and relationship practices" for the balanced and continuously satisfaction of different sets of stakeholders.

Limitations and Suggestions for Future Research

One of the research limitations of this works is that the respondents are managers from organizations with a certified management system and the analysis is based on their perceptions. Additional research should extend this study to non-certified organizations and check with actual data the perceptions of those managers (e.g., customer satisfaction results required by ISO 9001: 2008).

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