

STAKEHOLDER ENGAGEMENT IN PHARMACEUTICAL INDUSTRY

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Abstract:

The purpose of this paper is to outline the ISO 26000 and the development of stakeholder management as it has come to be applied in strategic management. Organizations around the world, and their stakeholders, are becoming increasingly aware of the need for and benefits of socially responsible behaviour. ISO standards regulate many international norms. ISO 26000 exposes seven core subjects in which an honest behaviour supports success; all of them are linked by two crucial concepts: (1) interdependence and (2) holistic approach. Stakeholder engagement can be defined as interactive activities initiated by an organization with its stakeholders. The organization typically has many stakeholders, and is itself “a stakeholder within the community”.

Managers should recognize all stakeholders, including those that are frequently forgotten but can have a major impact on an organization’s activities and reputation. A responsible organization identifies and interacts proactively with the stakeholders impacted by its activities. Stakeholder identification and engagement are central to addressing an organization’s social responsibility. One of the general CSR principles within ISO 26000 concerns respecting stakeholder interests. Brief discussion of managing for stakeholders and the role this plays in achieving value creation and competitive advantage. Stakeholder theory is about value creation and trade – it is a managerial theory about how business works. It asks both business and ethics questions about stakeholder relationship.

Finally, ISO 26000 adds that the active engagement of stakeholders is based on trust and goes beyond public relations. Moreover, it is also important to realise that stakeholder engagement is not a one-off event but a continuous process.

Research Question(s):

Submission goal is to research how Slovenian Pharmaceutical industry creates stakeholder engagement according ISO 26000 and how it is implemented into corporate strategy.

Has Slovenian Pharmaceutical Industry implemented stakeholder theory and ISO 26000 into corporate strategy (seven core subjects and two crucial concepts - interdependence and holistic approach) and how do they report about their CSR activities?

Theoretical Framework:

Stakeholder theory has helped to shape and define: business ethics, corporate social responsibility and value creation for stakeholders with the aim to ensure a firm’s survival, reputation and success (Freeman, 1984; Freeman et al., 2007).

ISO 26000 (2010) provides a framework for the view of strategic positioning as well as operations in organisations. It is suggested that organisation use ISO 26000 as a key guidance and decision making tool to: review strategic positioning of their organisations and review quality (business) management systems in their organisations. Furthermore, by using ISO 26000 companies can demonstrate their leadership in terms of CSR Excellence (Castka and Balzarova, 2007) and stage in terms of CSR implementation (Brandsma et al., 2009).

ISO 26000 finds it important in these stakeholder relationships that an organisation uses its influence to encourage stakeholders to address SR (Moratis and Cochiuș, 2011).

Methods:

The annual reports of Slovenian Pharmaceutical industry, CSR reports will be analysed. With the aim to highlight their CSR strategy in-depth interview (top/CSR management) will be used.

Findings:

Outcomes and results show the level of CSR development as well as holistic and systemic approach by ISO 26000 implementation into corporate strategy. Furthermore the results show how management recognize the interdependence, stakeholder engagement and how managers evaluate business opportunities (value creation for all of their stakeholders). The research in Slovenian pharmaceutical industry shows that an interest in ISO 26000 is indicated and is implemented into corporate strategy but CSR reporting is still at an early stage. Finally, we outline the area for future research.

Keywords: corporate social responsibility, ISO 26000, stakeholders, stakeholder theory, value creation, corporate strategy, pharmaceutical industry.