PARALLELS BETWEEN CORPORATE SOCIAL RESPONSIBILITY AND THE EFQM EXCELLENCE MODEL

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CSR is a continued promise by companies to act ethically, to contribute to sustainable economic development, and to contribute to improvement of quality of life of its employees, their families, as well as local communities and society as a whole. Increasing demands on productivity and effectivity of business subjects rightfully result in efforts to implement better management systems, which take into consideration a number of rules and documents specific for a given field. Confirmation of this trend is implementation of other models management systems that focus on quality. One such model is a parallel interconnectivity between Corporate Social Responsibility and the EFQM Excellence Model, which our article examines in deepness. Systematic and professional application of the EFQM Excellence Model and interconnectivity with Corporate Social Responsibility fundamentals results in maximization of added value for all interested parties.

KEYWORDS

corporate social responsibility, EFQM excellence model, business, ethics, environment

1 INTRODUCTION

Globalization of free market economies brings the need to increase social and environmental responsibility of business subjects, especially companies, for their actions and behavior. Impact of industrial production on the environment, unemployment, human rights breaches and many scandals of financial corruption in international corporations in the last few years have taken the public's, private organizations' and business' attention away from corporate social responsibility and mainly from socially responsible business.

Corporate Social Responsibility of companies and individuals is currently becoming one of the most important topics around the world. It is gradually becoming an important part of corporate strategy. Philosophy of Corporate Social Responsibility deals with business development, ethics, moral issues, and the environment and about the current and future generations' hope. Corporate Social Responsibility is a concept, through which companies are responsible for the current state and functionality of their business. According to the basic concept of Corporate Social Responsibility, businesses add to their traditional economic goals, goals that focus on social and ethical issues, on the environment and in accordance with these, they modify their visions and strategies. Corporate Social Responsibility is a field that alters a company's focus from short-term to long-term goals with preference on the optimal and not on the maximum [Blowfield 2008].

Increasing demands on a company's productivity and effectivity influence implementation of Quality Management Systems, which take into consideration aforementioned criteria. Key prerequisite for any improvement of a Quality Management System of a specific company is upper management's decision to improve the existing system. A decision can be taken based on analysis of company's strong and weak points and by evaluating its goals [Tavodova 2008].

2 THEORETICAL ORIGINS OF EXAMINATION OF CORPORATE SOCIAL RESPONSIBILITY AND THE EFQM EXCELLENCE MODEL

In this article, we are working with the term Corporate Social Responsibility. In scholarly literature the term is limited and authors address it from various points of view. From our view, Corporate Social Responsibility is a contract between the business sector and a company, which consists of various business subjects.

Definitions of Corporate Social Responsibility are based on general ethical principles, such as impartiality, participation, active cooperation with interested subjects, and transparency. They generally share the following characteristics: they are universal, they highlight voluntary involvement, they focus on active cooperation with interest group, they express commitment to contribute to development of quality of life, they emphasize development, not only economic, and they discuss three areas in which Corporate Social Responsibility manifests [Habek 2015].

Corporate Social Responsibility calls for a change in company's direction, from short-term to long-term goals and a shift in focus from maximum to optimal profit. Socially responsible companies take into consideration needs of their internal and external environment, to contribute to sustainable development, to be transparent, and to contribute to improvement of the society as a whole. In practice, Corporate Social Responsibility integrates positive approaches, practices or programs into its corporate strategy at the top management level. To operate according to principals of Corporate Social Responsibility offers a business subject an array of advantages and benefits, mainly non-financial benefits, which are imperative for good and long-term sustainable activities [Cierna 2008].

The above mentioned characteristics and definitions have a common basis: they are based on a management model and they highlight its arranged approach; they stem from a view that this is company's voluntary involvement; business subjects make their decisions based on goals and company's values; they are based on ethical and social principles, which lead to sustainable economic development; they contribute to improvement of quality of life of its employees, their families as well as the local community and the society as a whole [Puskeilerova 2005].

In addition, to various approaches to social and ethical responsibility, there is a consensus in the business community about principles of best approaches. These principles can be used during the planning and management phases of a process or during the quality setting phase.

Our opinion remains that the basic principle of social and ethical responsibility is versatility. This principle requires that requirements and needs of all interested parties be incorporated into all phases of the social and ethical process of responsibility.

Principles can be assigned into three general groups that deal with:

- 1. The scope and character of the social and ethical process of responsibility,
- meaningfulness of information generated by the process, and
- 3. continuous process management.

1. The scope and character of the social and ethical process of responsibility consist of the following:

- Completeness. Encompassing all areas of activity that deal with social and ethical productivity of the business subject within the process of responsibility.
- Relevance. Including important information about ethical and social behaviors of the business subject, which can impact interest groups and their evaluation.
- Regularity and timeliness. Need for regularity, systematic approach and timeliness in the responsible process to support decisions about the business subject and its interest groups.
- 2. Meaningfulness of information generated by the process:
- Good insurance. A social audit of organizational processes performed by an independent and qualified third party. The audit deals with truthful formulation, based on the premise that all interest groups will be insured, thereby developing important contracts with interest groups.
- Accessibility. Appropriate and effective communication with interest groups.
- Comparability. Ability to compare information about a business subject's actions with data from a previous term, with productivity goals or with external organizations in the field, with legislative regulations or norms.
- Reliability. A characteristic, which allows a business subject and its interest groups to rely on information provided by accounting, which does not have significant errors or margins of error.
- Relevance. Information that is helpful to the business subject and its interest groups in terms of collecting opinions and forming opinions as well as usefulness during the decision making process.
- Clarity. Clarity and understanding of information by the business subject and its interest groups, including language, style and format.

- 3. Continuous process management is:
- Use or integration of systems. A responsible process will become part of organization's activities, systems and process development. Therefore, it is not merely an exercise, a task for creating a report.
- Continuous improvement. Steps for improvement of actions based on results from a responsible process [Cierna 2015].

Different approaches of adapted business subjects to their social and ethical responsibility, including experiments, created innovative techniques that in some fields can no longer be overlooked. Adherence to rules or regulations, which govern business subjects or define a level of their adherence, helps to implement consistency into the process. There are three basic rules, these are: 1) to provide a common language for best practices among business subjects and interest groups; 2) to highlight, to bring attention to the best method; and 3) to inform about development of relevant legislation.

For a business subject to be successful, the rules need to allow for inventiveness and flexibility in management of social and ethical questions. They need to allow leaders to lead and also need to let in news into the sphere of responsibility and sustainability. Further, it is important that they function alongside other social responsibility improvement programs, new management experiments, and initiatives for development of national and international legislation. The negative point is, that business subjects that follow a set course are warning about a large volume of rules and regulations, which could lead to chaos and to limited effectiveness of added value.

According to some authors, Corporate Social Responsibility is approached as a process of organizational innovation that leads to change of norms and forms of internal structure of a business or it is approached as an institutional innovation that leads to change in social regulations [Carroll 1999], [Gabrysova 2004], [Nenadal 2002], [Schwarz 2013]. Corporate Social Responsibility also stimulates other types of innovation, which can in return contribute to maintaining or changing in strategy of Corporate Social Responsibility. This interconnectivity can be found in the EFQM Excellence Model (Figure 1), which focuses, among other issues, on description and analysis of related issues – intellectual capital, learning organization, knowledge management, and others.

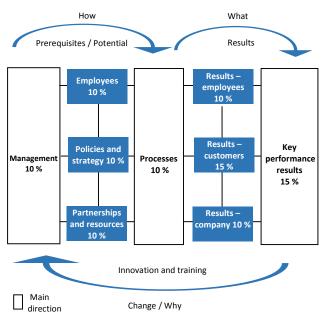


Figure 1. EFQM Excellence Model [Cierna 2008]

The EFQM Excellence Model analyzes management tools and applications of an organization and by the same token evaluates achieved results. As follows from the title of the model, this is a model of excellence.

3 PARALLELS BETWEEN CORPORATE SOCIAL RESPONSIBILITY AND THE EFQM EXCELLENCE MODEL

While quality management systems, according to the ISO 9001 norm, aim to implement order in business and to optimize its relationships with interested parties, the EFQM Excellence Model analyzes quality management tools and applications of an organization and with the same measure evaluates achieved results. According to Nenadal [2004], it is difficult to compare competencies of ISO and QMS. Winners of the European prize for Quality are the closest to the ideal position of management systems and on the opposite spectrum are organizations that fulfill the ISO 9001:2008 standard, since these fulfill requirements of the EFQM Excellence Model by about 25%.

Philosophy of the EFQM Excellence Model is based on eight key principles: result oriented, customer oriented, leadership and consistent objectives and goals, process and fact management, employee training and participation, continued professional development, innovation and improvement, development of partnerships with interest groups, societal/social responsibility (Figure 2).

Company's excellence and its strength stem from fulfilling its objectives and goals. There are companies that struggle to meet daily priorities, and there are companies that have room for achieving higher, possibly, abstract goals. We would note that it is advisable to identify and define own path to success and tools that will aid you on this path. There is no perfect model. It is helpful to be aware of tools and to know how these could work in a specific organization, then take these tools and apply them to customer requirements. The chosen tools are one main indicator of company's success and we would note that a satisfied customer means successful business. Integral goal of all quality management systems is customer satisfaction. In a unified market, customers are assaulted by a high volume or offers and promises. Successful implementation of long-term quality management systems proves that this is a successful path, even though continuous acquisition of experiences modified and continues to modify relevant methods, partial steps, and sometimes even the structure of a quality management system. While quality management systems attempt to implement order and to optimize company's relationships with interested parties, the EFQM Excellence Model analyzes management applications and tools, and evaluates achieved results.

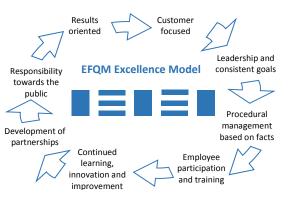


Figure 2. Key principles of the EFQM Excellence Model [Cierna 2008]

Principles of Corporate Social Responsibility are closely tied to philosophy of the EFQM Excellence Model, in that each company has its own management and power of ideas that identify its vision. Criteria of the EFQM Excellence Model are interconnected with Corporate Social Responsibility and both philosophies determine a company's success. Table 1 outlines this interconnectivity between Corporate Social Responsibility and the EFQM Excellence Model.

The mission of the EFQM Excellence Model is to aid a company with development, or strengthening of its production and competition business model; to offer efficient and effective feedback focused on management and overall production indicators by identifying strengths and opportunities for improvement, and to understand a context within which the company operates, which means navigation, integration, consistency and synergy in the context of economic, societal/social and environmental business activities.

		EFQM Excellence Model	Interconnectivity between Corporate Social Responsibility and the EFQM Excellence Model
Criteria for prerequisites	Leadership	 ensure functionality, usability, productivity and effectiveness of system put in place rules of company's activities system support for effective functioning of all parts of the system ensure integrity, consistency and synergy of individual parts of the system 	 reflect corporate responsibility in company's vision, values and ethics lead by example commit to expectations and needs from interested parties participate in internal organizational changes
	Policies and strategy	 - analyze external environment - analyze internal environment - generate strategies, announce strategic goals - apply, evaluate and improve or potentially fulfill corporate policies 	 identify expectations of existing and potential interested parties survey future trends that affect Corporate Social Responsibility integrate Corporate Social Responsibility into strategic plans and goals communicate with all interested parties
	Employees	 provide adequate competencies right people in the right positions, delegate set up effective and efficient motivation and stimulation systems 	 human resource management know-how and competency delegate responsibilities and recognitions human rights and fairness at the work place provide benefits and services human resource development equal opportunities
	Partnerships and resources	 systematic development of partnerships systematic development of resources effective and efficient allocation of resources set up crisis management develop knowledge management develop information technology systematic management of all resources 	 manage external partnerships finance management facilities management (buildings, equipment) technology management
	Processes	 plan and manage processes process improvement suggest processes based on customers' needs, requirements and expectations provide outputs from processes and provide services manage customer relations 	 plan process management improve process and communicate with interested parties plan and develop products and services produce and provide products, services and maintenance evaluate customer satisfaction and implement Corporate Social Responsibility
Criteria of results	Results from relationships with customers	 - customers' perception of the company - support and sale - customer loyalty - indicators of product and services productivity 	 Corporate Social Responsibility audit benchmarking trends and goals
	Results from relationships with employees	 employees' perception of the company employee motivation employee satisfaction services provided to employees internal evaluation – indicators of productivity 	 internal customer care breaking ethical principles, psychological harassment company's ethical code internal code of conduct
	Results from relationship with society	 how company is perceived in its environment company's responsible behavior involvement in public life minimize and prevent impact from company's activities resource protection and sustainability internal evaluations – indicators of productivity 	 company's credibility audit of company's maturity trust from the company's environment about its results protection of environment environmental company policy environmental management minimize negative impact on the environment
	Results from key activities	 company's financial and non-financial results external resources, including partnerships finances buildings, equipment, materials technology information and know-how key indicators of productivity 	 protection of intellectual property treatment of suppliers transparency treatment of investors

 Table 1 Interconnectivity between Corporate Social Responsibility and the EFQM Excellence Model [Cierna 2008]

Relationship between Corporate Social Responsibility and the EFQM Excellence Model can be summarized within the scope of the following areas:

- improve corporate culture and responsibility for all actions, products and services,
- draft ethical codices and their real-life application,
- motivate to maintain commitments towards partners and suppliers,
- develop a code of conduct and examples of behaviors in professional and personal life,
- personal participation in corporate, socially responsible activities,
- take advantage of partnership to raise awareness of socially responsible activities,
- participate in professional activities targeting social activities,
- systematically evaluate development of the field of Corporate Social Responsibility,
- establish commitments and close cooperation with business subjects by identifying needs and expectations in corporate, social activities,
- identify and understand moving parts in socially responsible activities and set priorities for changes in this area,
- delegate personal responsibility for socially responsible business activities, and
- ensure cooperation with internal and external customers as part of Corporate Social Responsibility.

Systematic and professional work with the EFQM Excellence Model brings maximum value to all interested parties in relation to Corporate Social Responsibility.

The key prerequisite of any improvement of a quality management system of a specific business subject is upper management's decision to improve the existing system. This decision can only be taken after analysis of the company's strengths and weaknesses in the scope of the existing quality management system has taken place, by evaluating direction of improvement of goals as they relate to the market.

One possibility how a business subject can achieve excellence, is by accepting socially responsible business activities, which stem from applicable ethical principles, such as: impartiality, participation, active cooperation with interested groups, and transparency. Corporate Social Responsibility is defined by the following characteristics: universality, voluntary involvement, and active cooperation with interested parties. The term interested parties encompasses all individuals, institutions and organizations that can either influence the organization or can be influenced by it. This is a key term in the realm of Corporate Social Responsibility.

Corporate Social Responsibility, in the sphere of economics, monitors processes, which a company uses to contribute to economic development of its environment and also tries to minimize possible negative impact that results from company's activities in this field. This includes, for example, ethical code in business, relationships with customers and suppliers, advertising, and protection of intellectual property.

In the social sphere, Corporate Social Responsibility monitors and minimizes negative impact from company's

activities on a social system within which the company operates. These are, for example, employees' health and safety, ensuring that all employees have equal opportunities, work life balance, corporate philanthropy, and improvement in quality of life [Pavlovic 2006].

In the environmental sphere, Corporate Social Responsibility monitors and minimizes negative impact of company's actions on the environment. Among the most important actions are recycling, use of recycled products, adhering to ISO 14 001:2005 standard, protection of natural resources, and use of alternative energy sources [Aydin 2008].

The EFQM Excellence Model is based on a premise that a company can achieve excellent results only with maximum customer satisfaction (criterion no. 6), maximum employee satisfaction (criterion no. 7) and by respecting its environment, external institutions (criterion no. 8). These criteria are collectively referred to in the EFQM model as results and they depend on application and management of processes (criterion no. 5), which require not only correct characterization and development of policies (criterion no. 2), but also a welldeveloped management system for managing all resources, including human resources (criterion no. 3), and relationship building with partners (criterion no. 4). This is achievable only with the help of relevant corporate culture and management's approach (criterion no. 1), at all levels of management.

Interconnectivity between Corporate Social Responsibility and the EFQM Excellence Model is portrayed in Table 1. Figure 3 outlines parallels between Corporate Social Responsibility and the EFQM Excellence Model. It suggests an optimal model of interconnectivity between Corporate Social Responsibility and the EFQM Excellence Model.

The first five categories of the EFQM Excellence Model (tools and applications) recommend how a company should conduct itself. They offer approaches, methods and tools a company could utilize to maximize its results. The criteria for results indicate what a company has achieved in various spheres of its activity.

The mission of the EFQM Excellence Model is to aid a company to build a productive and competitive business model, which has its own structure. Further, to offer useful and effective feedback focusing on management and production indicators, by identifying strengths and points of improvement in economic, social and environmental context.

Social and ethical responsibility provide a foundation on which business subjects can start building their own behavior and bring perspective to interest groups about this direction. By including processes from social and ethical responsibility in its strategies, business subjects are able to use them for their own use and these can also be used for their interest groups. By acting according to the mentioned statement, they help business subjects to unveil an array of risks, which they could have overlooked, as these cannot be verified within each of these relationships.

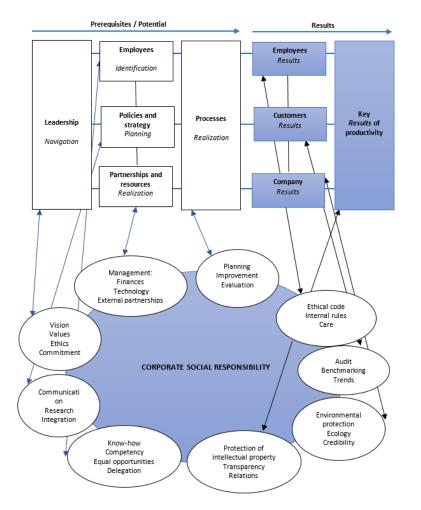


Figure 3. Parallels between Corporate Social Responsibility and the EFQM Excellence Model [Cierna 2008]

There is no agreement on priorities and scope of socially responsible activities of business subjects. A modern view of conducting business respects, and in developed countries supports, inclusion of social responsibility, at least for these reasons:

- Attempt to avoid government interference. Business subjects came to a conclusion that it is beneficial to set their own limiting scope of activities, rather than accept authoritatively focused regulation, which is often a reaction to improper behavior demonstrated by other business subjects.
- The need to self-regulate in business, as an answer to increasing economic power. Economic power of large corporations brings with it, besides unlimited economic power, also one important component. Large corporations with its behavior set examples for smaller subjects. Therefore, they are essential creators and users of behavior which other, smaller, business subjects emulate.
- Alters perception of business activities from the public's point of view. There is an increase in demand for control and transparency in business. It is part of the current lifestyle, which in developed countries puts emphasis on environmental and social approaches to business activities. Today, customers have more possibilities than even before to find out about social responsibility of business subjects [Putnova 2007].

We can observe that presently Corporate Social Responsibility is approached as procedural and organizational process innovation that leads to change in norms and forms of company's internal structure, or it leads to institutional innovation that leads to change in regulations. Corporate Social Responsibility also stimulates other kinds of innovation, which can be beneficial for maintaining or changing strategies of Corporate Social Responsibility. The above mentioned interconnectivity in the EFQM Excellence Model focuses, among other things, on description and analysis of related issues, such as intellectual capital, learning organization, knowledge management, and more.

Systematic and professional use of the EFQM Model and its interconnectivity with Corporate Social Responsibility leads to maximization of added value for all interested parties.

4 CONCLUSIONS

As it results from this brief overview of definitions, the term Corporate Social Responsibility has not yet been clearly defined and offers many possible interpretations, thereby giving room to the widest possibilities of its practical use. Current definitions of Corporate Social Responsibility are based on general ethical principles, such as impartiality, participation, active cooperation with interested parties and transparency, and they are identified by these following characteristics: they are universal, they highlight voluntary involvement, they focus on active cooperation with interested parties; they express commitment to contribute to improvement of quality of life; they highlight development, not only growth; and they name three areas in which Corporate Social Responsibility manifests. Corporate Social Responsibility in economics constitutes of monitoring and improvement of processes, which a business subject utilizes to develop within its economic environment with the aim to minimize potential negative impact in this area. This includes business ethical code, protection of intellectual property, social audit, and relationships with interested parties. In the social sphere, Corporate Social Responsibility monitors and minimizes negative impacts of business subject's activities on the social sphere, in which it operates. These include, for example, health and safety of employees, ensuring that all employees have equal opportunities, work life balance, corporate culture, fight against corruption and against psychological harassment. In the environmental sphere, socially responsible business monitors and minimizes company's negative impact on the environment. Among the most important guidelines belong ISO 14000 norms and EMAS, protection of natural resources, and use of alternative energy sources.

A change in ethical and social behavior in terms of an existing corporate culture is understood as a process, not as an event. A change within a business subject will only take place if management dedicates continuous attention to this area. Managers need to make daily decisions that have ethical dimensions. The article offers tools, opinions and applications that will help business subjects become sources of good health for the local community.

The article also covers Corporate Social Responsibility and the EFQM Excellence Model. When evaluating theoretical findings, we discovered that some terms related to Corporate Social Responsibility are not clearly or unequivocally determined.

The business public is rightfully waiting for academia to propose models of effective behavior for business subjects within the global, multifunctional environment. With this article we would like to contribute to this sphere by identifying interconnectivity between Corporate Social Responsibility and the EFQM Excellence Model.

We can state that currently Corporate Social Responsibility is approached from the view of procedural and organizational innovation that leads to change in norms and forms of company's internal structure, or it leads to institutional innovation that leads to change in social regulations. Corporate Responsibility also stimulates other kinds of innovation, which can be beneficial for maintaining or changing of company's strategies for Corporate Social Responsibility. The aforementioned interconnectivity can be found in the EFQM Excellence Model, which also focuses on description and analysis of associated topics, such as, intellectual capital, learning organization, knowledge management, and more.

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