ENTERPRISE STAKEHOLDER WELL-BEING ATTAINED WITH RESPONSIBLE ENTERPRISE POLICY

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Abstract: In the current difficult global economic situation it is beneficial for any country to have created solid foundations supportive of socio-economic growth and development, including competitiveness and quality of life of all residents. This requires all available creativity and innovation, including enterprise policy (corporate governance) innovation. Here we introduce SIEDES responsible enterprise policy that should provide better stakeholder quality of life to show how the enterprise policy should be; as a possible consequence we present the results of the OECD ‘Better Life Index of well-being measurement’ comparing e.g. Slovenia to OECD countries average, that may follow from more or less responsible enterprise policy of Slovenian enterprises. We conclude with some suggestions about education that should enable the desired innovation.

Keywords: ‘Better Life Index’, enterprise policy, innovation, OECD, Slovenia, social responsibility, stakeholder, strategic management.

1. The selected problem and viewpoint of consideration of it here

After several years, officially and publicly visibly, the socio-economic crises started surfacing in 2008. Though, warnings about it are much older, e.g. in the form of United Nations’ and European Union’s documents about social responsibility (SR) (Mulej, Hrast, editors, 2010). Years-long practice has shown that such documents matter, once countries and enterprises include them into their strategies as crucial and well-supported non-technical invention-innovation-diffusion processes (IIDP) leading to innovations concerning the way of governing and managing. Creative and innovative capacities of co-workers tend to be dormant or even detrimentally used, if the governance and management styles and processes are not innovated toward SR. European Union declared this in its action plan for promotion of SR as a way out from the current socio-economic crisis (EUCSR, 2011). Member countries and big enterprises are urged to no longer be passive, but role-models, about SR and to use ISO 26000 standard on SR, whose essence is expressed not only by 7 principles, 7 areas of application, and 7 steps of implementation, but first of all by the two concepts from systems theory linking all of them: (1) interdependence (instead of the abuse-based independence and dependence in natural, economic and political relations), and (2) holistic approach (instead of one-sidedness leading to oversights and thus causing crises, including the current one and wars) (ISO, 2010). These concepts make organizations innovative.

2. Strengths of the innovative enterprises

Innovative enterprises succeed even in crises because they have appropriate requisitely holistic enterprise policy and strategies, includes social responsibility (SR) as important sources of productivity, efficiency, and profitability. IIDP are natural consequences and components of such business practices that deserve imitation and require abandoning the traditional, self-enclosed and non-cooperative behavior of key enterprise stakeholders by the (dialectical) systems approach. This approach can be – theoretically speaking – informal, e.g. supported by the ISO 26000 Standard on SR (ISO, 2010). Responsible organizations (as institutions of interest-linked people and property) define their basic, general and long-term characteristics in their enterprise policy as an important management instrument influencing their development and operation. The differences in enterprises’ policies result from differences in (stakeholders’) interests, reflecting their values, culture, ethics, and norms (VCEN). The future enterprise policy, therefore governance and management, is also influenced by the existing enterprise policy. To reach enterprise excellence, enterprise policy should be innovated toward SR through responsible and sustainable enterprise policy for better stakeholder quality of life.

Here we show how the enterprise policy should be: we introduce SIEDES responsible enterprise policy that should provide better stakeholder/citizens quality of life; we present the results of the OECD ‘Better Life Index of well-being measurement’ comparing Slovenia to OECD countries average. These results follow from more or less responsible
enterprise policy of Slovenian enterprises. We conclude with some thoughts about education that should enable the desired innovation.

3. SR for stakeholder well-being

In a difficult global economic environment it is important that the country has a solid foundation to support socio-economic growth and development, including competitiveness and quality of life of all residents. All the widely successful examples to the sustainable development and corporate SR confirm this truth (Slovenian recent examples: Hrast et al. 2012; Hrast, Mulej, ed., 2011; Mulej, Hrast, ed., 2010; Mulej, 2011a). The current socio-economic crisis shows that, in order to keep the current mankind’s civilization, one must enforce – at least in decision making and preparation for crisis – people’s behavior, matching the law of requisite holism (Mulej, Kajzer, 1998), by means of a dialectical system of viewpoints (Mulej, 1974, and later) rather than one-sided decision making.

To achieve the identified aims, one must encourage both technological and non-technological innovation, including enterprise policy (corporate governance) innovation (see, e.g., Duh, Strukelj, 2011; Mulej, 2007; Šarotar-Zižek et al., 2011; Štrukelj, Mulej, 2011c). The experience, reported in public press, proves that innovative enterprises are successful even in crises, because they have appropriate requisite holistic enterprise policy and strategies, which includes SR, exposing interdependence and holism, as important sources of productivity, efficiency, and profitability. IIDP are natural consequences and components of such business practices that deserve imitation and require a transition from a traditional, self-enclosed and non-cooperative behavior of key enterprise stakeholders to the (dialectical) systems approach. This approach can also be – theoretically speaking – informal, which is also supported by the ISO 26000 on social responsibility (see ISO, 2010).

Every responsible organization (as institution of interest-linked people and property) defines its basic, general and long-term characteristics in its enterprise policy as its important management instrument influencing its development and operation. The differences in enterprises’ policies result from differences in (stakeholders’) interests, reflecting their values, culture, ethics, and norms (VCEN; Potočan, Mulej, 2007). The future enterprise policy, therefore its governance and management, is also influenced by the current enterprise policy. To reach enterprise excellence, enterprise policy should be innovated toward SR (EUCSR, 2011) including responsible and sustainable enterprise policy for better stakeholder quality of life.

4. Responsible enterprise policy

SRs defined as human responsibility for the consequences of human action to society, that is to people and nature (whether on behalf of the company or other organization or individually) (EUCSR, 2011). SR matters for society as a whole, for humans and for the organizations, because it avoids the problems, resulting from irresponsible, dishonest, unreliable, and un-holistic actions. EU no longer exposes organizations’ free will to embrace SR, but recommends EU Member States and enterprises to promote SR. EU recommends ISO 26000 (see ISO, 2010), whose central requirements concerning SR are interdependence (because it prevents abuses, etc.) and holistic approach (because it avoids one-sidedness, narrow views, oversights, and thus errors all the way to the world wars). SR therefore extends far beyond charity to all relations between human beings as persons, enterprises, and other organizations. It is therefore important to include SR – interdependence and holism – also in the enterprise policy.

Enterprise policy results from enterprise vision, incorporates vision, and presents broad starting points for organization (Belak, Ja., 2002: 74, 38–39). To overcome the current crisis, enterprise vision and policy should include SR of behavior motivating the enterprise stakeholders toward a modern, requisite holistic, ethics and behavior, for long-term survival of their enterprises and society. The differences in enterprises’ policies result from differences in (stakeholders’) interests, reflecting VCEN. Enterprise policy is an enterprise’s important management instrument influencing its development and operation.

Enterprise policy includes mission, purpose, and basic goals. Nowadays, the enterprise policy must be oriented towards enterprise’s responsible behavior (Belak, Je., Mifflner, 2011). The responsible enterprise policy is: (1) many-sided, (2) objective-oriented into implementation of all stakeholders’ interests, (3) with high level of SR consideration and (4) with long-term developmental attitude, which requires entrepreneurial innovative search for new opportunities. This requires new information as the basis for appropriate action. The 10 principles of SIEDES responsible and sustainable (enterprise) policy can help: (Source: Bleicher 1995: 100–120; adapted, supplemented, widened, and modified according to authors’ newer cognitions. See also Belak, Ja. 2002: 113; Belak, Ja. 2010. Authors’ own presentation): 1. Responsible enterprise should stress the regular innovating in its enterprise policy to reach its business excellence and hence to find its way out from its crisis. 2. Arising from VCEN innovations, which are expressed as persons’ interests, the enterprise’s general definitions of its policy depend on interests of its important stake-holders. 3. All stakeholders should once again rethink their long-term interests (benefits), and: 4. The stakeholders’ interests’ consequences, and: 5. The stakeholders’ willingness/ability to innovate their VCEN toward their responsible, requisite holistic behavior concerning all other humans (families, youngsters, co-workers, other citizens and Earth residents – with predominating of long-term interests concerning all of
them). 6. Enterprise’s developmental orientation (e.g. using the opportunities of its environment development); and 7. Enterprise’s economic orientation (with striving for politics of economic responsibility toward all inhabitants of the world); and 8. Enterprise’s social orientation should also be innovated all the time (toward ecological and socially responsible goals and socially desired consideration). 9. Enterprise’s social orientation (toward ecological, socially, and else-how responsible goals and socially desired consideration, including social community) should also be innovated all the time. 10. Sustainable behavior should be developed consciously: adopting a new, out-of-the-box, more holistic SIEDES logic of enterprise governance, management, and operation, to prevent our civilization’s collapse. SIEDES can lead to a better life.

5. ‘Your Better Life Index’ – Slovenia Results

In 2011 OECD unveiled a new, interactive index that lets everyday people measure and compare their lives in a way reaching beyond traditional GDP numbers (Fietz 2011). Issues discussed included: new sources of economic growth and jobs; gender equity; rising food and energy prices; and global development. Called “Your Better Life Index”, the index measures welfare (well-being) and allows citizens to compare their lives across 34 countries, based on 11 dimensions [basic determinants of well-being]: housing, income, jobs, community, education, environment, governance, health, life satisfaction, safety, work-life balance (www.oecd.org/betterlifeindex). Slovenia performs favorably in several measures of well-being (YBLICN 2011: 29), and ranks close to the average or higher in several topics in the Better Life Index (Table 1). This reflects (SIEDES) (enterprise) policy’s consequences, resulting in citizens’ everyday life.

Table 1: ‘Your Better Life Index’: Slovenia compared to the OECD Average

<table>
<thead>
<tr>
<th>11 Your Better Life Index components</th>
<th>Slovenia</th>
<th>OECD average</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 The average household earning (important means to achieving higher living standards)</td>
<td>19,891 USD</td>
<td>22,284 USD</td>
</tr>
<tr>
<td>2 Employment: people aged 15 to 64 that have a paid job</td>
<td>nearly 66%</td>
<td>65%</td>
</tr>
<tr>
<td>3 Working hours a year</td>
<td>1,687 hours</td>
<td>1,739 hours</td>
</tr>
<tr>
<td>4 Mothers employed after their children begin school (women ability to successfully balance family and career)</td>
<td>74%</td>
<td>66%</td>
</tr>
<tr>
<td>5 Adults aged 25 to 64 that have earned the equivalent of a high-school diploma (good education is an important requisite to finding a job)</td>
<td>82%</td>
<td>73%</td>
</tr>
<tr>
<td>6 Reading ability according to the latest PISA student-assessment program (the average student score)</td>
<td>483 out of 600</td>
<td>493 out of 600</td>
</tr>
<tr>
<td>7 Health, life expectancy at birth</td>
<td>78.8 years</td>
<td>79.5 years</td>
</tr>
<tr>
<td>8 The level of atmospheric PM10 (tiny air pollutant particles small enough to enter and cause damage to the lungs)</td>
<td>29 micrograms per m^3</td>
<td>22 micrograms per m^3</td>
</tr>
<tr>
<td>9 The public sphere: sense of community and moderate levels of civic participation (people that believe that they know someone they could rely on in a time of need)</td>
<td>91%</td>
<td>91%</td>
</tr>
<tr>
<td>10 Voter turnout (a measure of public trust in government and of citizens’ participation in the political process)</td>
<td>63%</td>
<td>72%</td>
</tr>
<tr>
<td>11 Satisfaction of people with their own life</td>
<td>39%</td>
<td>59%</td>
</tr>
</tbody>
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Note: These findings are based on data from 2008 or later.

6. Some conclusions

Using SIEDES responsible (enterprise) policy, all inhabitants of planet Earth can enjoy SR anda better life. The competitiveability of enterprises and countries, and better life of citizens, is influenced also by innovative, creative, lateral, and entrepreneurial thinking that is a part of the personality trait sof each person, but they can also be stimulated and developed (see, e.g., DeBono, 2005; Boynton et al., 2011); this can be especially effective when governors, managers and coworkers support and apply such thinking as part of SR. Besides the ability of an innovated way of thinking and behavior, consequently, action, humans also need education in order to attain (appropriate) skills, which affect personal and business results (Kumar, Ramsey, eds., 2008). Only the combination of nature and learning enables successful IIDD (see Mulej, 2011a) increasing the enterprise’s competitiveness. Entrepreneurship should be encouraged and taught: empirical evidence suggests (Audretsch, Thurik 2011: 1), that the role of business has increased significantly and that there is a positive link between entrepreneurial activities and economic performance (Štrukelj, 2012). About the global index of entrepreneurship and development (GEDI), which enables comparative analysis of entrepreneurial activity, see Tominc, Rebernik (2012). About education for entrepreneurship, see also Širec, Rebernik (2011).
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