

THE RELATIONSHIP BETWEEN MODELS OF QUALITY MANAGEMENT AND CSR

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Abstract

Lately, the quality management has integrated more and more among its components Corporate Social Responsibility (CSR). With strong roots in the foundation for sustainable development, protection of the environment, issues of social justness and economic growth, CSR raises numerous issues related to obtaining profits, business performance and firms and activities based on the quality of management. From the point of view of the last issues, the models of quality management built on the fundamental principles of quality become the foundation and catalyst for the effective implementation of CSR in organizations.

This is the reason why it is necessary to investigate the extent to which quality management models provide frameworks and guidelines for integrating CSR in the management of quality and, moreover, in the management of the organization, with a clear focus on the extent to which the concept can be institutionalized and operated by the organization.

Key words: *Quality management, CSR, models of quality management*

JEL classification: *M11, M14*

1. Introduction

In 1979, Carroll [3] provided the definition of the concept of corporate social responsibility (performance) and operated the concept through economic activities, legal, ethical, and discretionary business organisations. Among the responsibilities the management is expected to embrace, economic responsibility was the most well-known due to the historical importance attached to the discussions regarding the management guidelines. In the literature it can be seen that the major factor in survival is explained by the financial force [9]. The force behind economic responsibility in business is what produces goods or services that will bring profit to organizations. Despite some reservations about the ability of this category to be considered social responsibility, a correlation between this and other items can be obtained. "The supply of goods or services to the consumer, at the lowest cost, with the highest quality and with a reasonable level of profit" may be an interpretation that combines consumers' right to obtain goods at the lowest price, with a desire to get profits. This is evident from the perspective that the economic effects are, at the same time, social effects and the social ones are, at the same time, economic effects. The main theme of CSR is that an activity cannot be seen distinctly from the society that has certain expectations regarding the proper conduct of the work and the results. As stated in the literature, the relationship with a company can be structured by the responsibility demonstrated to stakeholders, and if that is done effectively and efficiently, it offers many competitive advantages [15], [16]. The socially responsible behaviour involves a careful analysis of the environment in which firms operate, rather than evaluating the results such as inventory control deficiencies, or only production times or terms. In order to achieve this, the relevant social problems must be identified and the managerial prudence in terms of CSR must be combined with the resultant social performance [1].

Social performance regarded as a result goes beyond what Friedman [17] defined, stating that "the only responsibility of a business is to grow your profits." From the achievement perspective, CSR refers to the development of organizational procedures of decision making [11]. Since CSR refers to the responsibilities of the various parties involved, such a performance can be assessed more effectively by adopting an approach from the perspective of the stakeholders [7], [10], [25], [26], [35], [4], [5], [6], [8]. In the same way, Wood and Jones [37] have recognized the critical position of the theory of stakeholders in understanding the dynamics and structure of the relationship between business and society.

However, the research concludes that CSR models that should define this design failed to create a structure of analysis and evaluation [7], [21], [29]. The image on the first researches on CSR was currently restricted to conclude on

the basis of the respondents' perceptions, rather than on the basis of the data on the behavior of firms Thompson and Smith [32] indicating problems with the evaluation. It cannot be denied that the subjective nature of the concept of CSR was very important in increasing the period during which ideas become behaviours. In 2003, Mikkila [28] stressed the necessity of further research in making operational corporate social responsibility after it was noticed the great flexibility in the practice of CSR. The main achievement in this regard is Preston [30] definition for CSR, which suggests a position geared towards corporate social responsibility, corporate social response and social performance seen as the three main dimensions to be taken into account.

In fact, Preston definition identifies the stages of implementation of CSR and arranges them in the following order: development of awareness and recognition of social problems; analysis and planning; providing answers in terms of policy development; implementation.

This definition of the involved stages makes it more easily to understand and create a process of implementation. However, an essential prerequisite for the development of the process is recognition of a need. To make the construction operational, managers must consider present social performance and they have to plan in order to eliminate the gap in relation to the ideal performance. Finally, such a plan is to be implemented on the basis of a review of the next achievements.

2. Quality Management and CSR

Around Europe and in the rest of the world, the paradigm of quality movement became a strong force. Although the methods of improvement and quality management are many, the literature suggests that it is primarily based on the two pillars of the quality management systems in accordance with ISO 9000 and Total Quality Management.

The management of quality is connected to CSR. Some authors have pointed out a big change of the concept of quality from this perspective. Thus, Foster and Jonker have highlighted the fact that the concept of quality was surely moving into a new stage [14]. From a monitoring and evaluation tool, object-oriented, it has gone through a series of stages in which the emphasis has been placed on expanding and integrating all aspects of organizational management [14]. From the quality of the output from the system (product or service), to the quality of management of the organizations, because when talking about quality management, one also talk about the quality management of the management of organizations, in other words, "the quality of management" (the notion that was not understood by some of those involved, as they continue to refer to the modern management of the quality in terms of the management of activities related to the quality of product and services). For Foster and Jonker the meaning of these changes suggests that the quality has gone through what can only be described as the first and second generation [14]. In fact, they argued that since that time it has been created a third generation of quality in which case the notions of responsibility and accountability "are mixed in the structure of quality", which could be defined as "the vision of the stakeholder about the theory of quality" [14], or as Management of Social Quality, or in other words, Social Quality. Focus on social issues, is not, anyway, a new concept from the perspective of Quality Management [34]. Many quality leaders underlined the importance of the organisation's stakeholders. The quality was often defined as "being in accordance with the specifications", "zero defects" or "customers' satisfaction".

As the CSR, the quality is based on a set of values and beliefs, such as "there are no accidents", "zero-loss", "external costs are visible" and „eliminate fears" among management and employees. While these are the most recent and ambitious statements of CSR, they constitute the basic principles and definitions of the quality movement, formulated by leaders of quality, Feigenbaum, Crosby, Taguchi, Deming, many years ago, and at a time when, like today, the constraints in terms of resources became a growing concern and challenge. Later, quality became a framework that companies have used only when they had to do it, but after periods of recession, the quality has become stronger and more integrated into the structure of organizations. Just as CSR, quality put a very strong emphasis on people, not just on the satisfaction of clients, but also on the quality of professional life and satisfaction of employees.

The standard ISO 26000 makes an intentional connection between people and quality management systems, with specific guidance for human rights, labour practices, fair practices of operation, consumer issues, as well as the involvement and development of the community. In addition, it is well known, the definition of quality given by a well-known leader, Taguchi, who proposing an overall vision of quality makes the link between quality and cost, not just in terms of the link with the producer in the production process, but also from the perspective of the link with the customer and society as a whole. Taguchi defines the quality of a product as "a (minimum) loss the product shares with the society" [2].

3. Quality Management Models and CSR

In this respect, the most popular models of quality Management can be found in the references with regard to CSR. In the Malcolm Baldrige Award the stakeholders are taken into account. In The Baldrige Award this area falls under the influence of leadership and is entitled "Corporate Responsibility and Corporate Citizenship". The Australian quality award also recognizes the importance of this area under the influence of the category of leadership and is

entitled "Leadership in the community" [19]. Also, the European Quality Award has a similar section on CSR, taking into consideration the impact of the organization on the society ("the society's achievements"). EFQM review, which was launched in February 2003 included CSR as a fundamental concept [12], [13]. Sustainable Excellence (underlying the EFQM model) is seen in the EFQM model as follows: "Excellence is more than the minimum regulatory in operating the Organization and is trying to understand and respond to stakeholders' expectations in society". On the other hand, it is stated that "Through the involvement of stakeholders, the expectations and regulations of the local community and, where appropriate, of the global community, meet and exceed". For EFQM model the most important benefits that organizations may obtain as a result of an active attitude of CSR are [12], [13]: enhanced public image, increased value of the brand, greater access to finance (socially responsible investing), a healthier and safer workforce, more powerful risk management and corporate governance, motivated people, customer loyalty, increased confidence of stakeholders.

But, joining the management of quality to CSR is not limited only to matters included in international models. It is an important tradition in terms of normalization and standardization that originated in the field of quality management, increasingly more present in the newly revitalized CSR.

A group of researchers involved in creating instruments for the evaluation of social performance tried to develop tools for social assessment of companies. KLD was widely mentioned in the literature in the 1990s, and was used to list U.S. companies according to various criteria. In their study, Igalens and Gond [22] studied the various limitations of the models of measuring the social performance. In the comments about the ARESE which are based on stakeholders' approach, involving quantified classification, the two researchers have assessed the reliability of the ARESE model from the perspective of CSP. Used as an evaluation tool for the classification of French companies, the model has been supported by scholars as being closer, from the point of view of coherence, to CSP models than to KLD model. However, assessment tools, which are generally based on hierarchical classification of companies, can be criticized. In spite of the inherent ability of operation in various sectors, the company's gain is restricted in the case of quantitative classification. Sometimes it can be difficult for companies to interpret the quantitative classification and to use it in order to develop a plan of action covering all the dimensions involved.

On the other hand, there are studies in the literature [24], [22], [27] that indicate that there is a possibility of including CSR in the EFQM model. It was pointed out [36] that despite the inherent potential of learning from the movement of quality, learning management responsibility differs from the approaches that focus on the main stakeholders, setting aside environmental considerations which were not enough known or administered. Pointing out the complex nature of social performance observed in reporting systems, such as the Global Reporting Initiative, Waddock and Bodwell [36] argue that management responsibility requires a broader view on the stakeholders.

However, the need for understanding the SCP by linking the principles, processes and results that were presented by Wood [38] was widely supported in the literature [36], [22], [20] that supports confidence in the models used in quality management.

Quality management covers the discovery of excellence in all processes, taking into accounts the principles and results. It is obvious that the concept of quality management has acquired a more complex meaning, after Deming published his works. Interpretations of total quality management (TQM) make reference to concepts such as lifelong learning, business ethics, social responsibility and governance, a force beyond the improvement of the involved production processes [18]. Values such as integrity, honesty, reliability, are similar to the quality, synergy and own development, representing the central values of excellence. Moreover, the growing importance of the concept of responsibility for the product changed CSR in a key aspect of the quality [23]. The opportunity created in the integration of CSR in the quality management can give rise to numerous studies related to the implementation of this integrated structure. Social responsibility supports stabilization of stakeholders' expectations, acting as an insurer agent for the parties, both internal and external. Growing emphasis on CSR must be underlined linking the performance of companies and social responsibility. The fact that this problem is not taken into consideration, can be attributed to the low number of tools used for implementation, as well as the failure in reporting the performances obtained. It is obvious that the idea of integrating CSR into the structure of the quality management is essential to the achievement of quality, just as the creative efforts for the implementation of the quality.

EFQM model is a dynamic one, where the recent issues of management are integrated in the quality models through periodic revisions. The Foundation for quality made these adjustments using the incremental changes at the level of its annual revisions, as well as the substantial changes made to the four-year period, with the help of experts. EFQM Excellence model is non-prescriptive and accepts that there is no perfect way to achieve sustainable excellence in management. Coming up in support to the work of Freeman [15] on the theory of stakeholders, the structure of the model shows an orientation to stakeholders related to business approaches to create synergy. After the revisions made to the EFQM model, it is addressed in a much more obvious way to the ethical issues and to those related to social responsibility. Although CSR is defined as a voluntary commitment that requires effort, even in the absence of using it legally, previous research on CSR also revealed that management is more and more encouraged to avoid an irresponsible behavior [33], [11], [27]. In fact, the expectations associated with socially responsible behaviour should be geared towards the protection of the interests of the stakeholders as a positive duty to fulfil. Such a duty exceeds the requirements set by regulations and laws. Developing a non-prescriptive structure for management, with an emphasis

on proactivity, Excellence model EFQM allows and encourages without restrictions the initiative of leadership in interpretation, as well as in implementation. Therefore, the model considers the management as a moral structure that can exercise its duty in a positive way. The model of excellence offers the structure in which the management of stakeholders and the fulfilling of all performance objectives are interconnected. Unlike the Baldrige model, EFQM Excellence model is based on nine main criteria.

The top five criteria (leadership, policy and strategy, management of human resources, management of resource and partnerships, management of processes) are viewed as factors that enable describing specific approaches. The last four criteria (results related to people, results related to consumers, the impact on society and the impact on the results) are viewed as results. The main idea resulting from the grouping criteria in the two categories is that, without obtaining good results, the approaches have no value. In other words, you cannot modify the results, if the old ways of approach are not changed. This interpretation allows forecasting the relationships between cause and effect and provides guidelines for the transformation of attitudes in relation to the activities carried out by means of structures that, taken together, represent excellence in management.

The arguments underlying CSR as well as creating value in relation to the triple bottom line (ecological production systems, waste reduction programs, policies for the development of human capital) can be found in the model. For example, the resulting criterion comprises two sub-criteria which addresses both to the financial and results and to non-financial ones. Therefore, the results obtained as a result of the implementation of the responsible management of stakeholders can be identified through various measures. The model of excellence is fuelled by fundamental concepts such as leadership and constancy of purpose pursued, improvement and continuous learning, stakeholders' orientation, management through processes and facts and development of partnerships, public responsibility, the development and the involvement of people and orientation towards customer.

These concepts are contained in the model of excellence, which provides a framework through which the concern to all stakeholders is assumed on different levels, depending on each group of stakeholders. The emphasis on public responsibility and accountability requires a proactive response supported by taking into account the well-being of stakeholders, surpassing even the legal rules [13]. The essential role of managers is to establish a responsible behaviour for organization through the development of the mission and vision of the company. Normative approach is seen from the perspective of leadership criteria that explains how one should take into account the interests of stakeholders. The philosophy and organizational choice based on the value-oriented CSR can be integrated with the vision, mission and values listed in the category of leadership criteria. In this case, leaders are expected to build codes of ethics and values in creating culture while improving the environment and supporting the organisation's contribution to society.

The importance of targeting stakeholders is a basic concept in which the implementation of the model relies on the balanced emphasis put on the identified needs and the claims of the stakeholders. Alongside the commitment to stakeholders, caring for the natural environment (management of pollution, waste management) and physical (safety, health and ergonomic aspects), environment is also emphasized in the EFQM model leading to an interconnection and overlapping on the CSR objectives. Similarly, the fourth criterion with regard to the development of partnerships focuses on the importance of building confidence and mutual benefit in relations with partners. Given the limited resources that various companies use to pay most of the professional services, long-term partnership formed networks will be important opportunities in the informal exchange of these resources.

EFQM Excellence model promotes the management using the idea to act proactively. From this perspective it is expected that firms develop processes that allow them to remove the problems from the very beginning, rather than resolve them after they appeared. Such a withdrawal is based on the concept of positive obligation (duty, responsibility) inherent within the research on social responsibility [31] and not on the future with low expectations, specific to negative obligation or self-obligation (obligation not to cause harm to stakeholders). The concept and vision are more obvious at the level of public responsibility that improves the adoption from an ethical point of view, exceeding the company's expectations and rules of law.

EFQM model provides the learning loops, so that the ideas are transformed correctly into actions. Furthermore, the use of the model as a diagnostic tool aimed to encourage learning.

Over the course of the evaluation based on the model, there may be a new way to make the exchange between stakeholders and company, leading to changes that take place at different levels. Moreover, the EFQM model highlights a structure in which qualitative assessment is used in connection with quantitative assessment. This increases the potential for learning and is out of bounds, which can occur by tracking and using a single method of measurement. Another advantage of the model is the fact that the problem of the disparity between policy and daily implementation is eliminated through the concept of progress (development). The concept of the development of policy is used to describe how the policies can be implemented in the current daily activities through processes. Therefore, it can be affirmed that the model allows transfer of meaning given to the responsibility in the process of management, making decisions and implementation processes. Finally, the criteria of results establish both the financial and the non-financial results perspective that encourages the perspective of removing all economic borders in the way of corporate social responsibility.

4. Conclusions

Managers' attitude towards CSR was first criticized because of their failure to understand the concept of reaction-answer [7]. This problem occurs because of a lack of understanding regarding the distinction between reaction and the proactive response.

Quality management emphasizes the way in which the mission and the vision develops in the policy and operations, while the strategic aspects are integrated in operations through the establishment of objectives and identifying departmental/individual responsibilities. As regards the assessment of the performance and rewards described by the model, they are expected to be structured so as to support the strategic position of the company. When the reaction capacity becomes an issue, it is understood as a way of development and availability of relevant processes in achieving this goal. The management identifies expectations and requirements of stakeholders using methods such as environmental scanning and analysis of the impact of the processes.

That is why the systematic character presented in quality management model has the potential to make CSR operational and addresses to early arguments of scholars such as Preston [30] and Wood [38].

5. References

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