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Corporate social responsibility in the framework of quality management

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Abstract

Quality management system (QMS) provide a framework for implementing corporate social responsibility (CSR) strategy in all management levels of organization, that create basis for establishment of sustainable development policy and related activities. Key for organizational excellence is the combination of focusing on quality in the process level and following the needs of stakeholders, giving the valuable contribution to the well-being of society.

The aim of the research is to analyse concept of CSR in the context of organizational quality management system. This article presents the literature review on CSR definitions, organization excellence and sustainability concepts. The research showed that implementing employee-related CSR activities in quality management system of organization is the best alternative which helps to minimize staff rotation and improve the quality of processes and the overall performance of organization. Quality management system framework allows maintaining, monitoring and evaluating continuous effect and execution of CSR principles, and including CSR strategies in organizational policy.

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1. Introduction

Development of concept of corporate social responsibility (CSR) shows that it reflects the main issues and concerns of the society which are topical at certain period of time. We can see strong relation of the concept of CSR to organization – society relationship.

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Analysing CSR principles it is obvious that most of them are coherent to the principles of quality management – continuous improvement, organizational commitment, society/stakeholders needs etc. According to Knowles (2011), in the heart of both lie respect for the individual, integrity, decency and justice.

The aim of the research is to analyse concept of CSR in the context of organizational quality management system (QMS). The authors consider CSR strategy and QMS as the tools for reaching organizational excellence and sustainability. Integrating CSR in organizational policy and activities allows increasing well-being of the employees and improving the quality of the processes which they perform. It maintains employee loyalty to organization and provides sustainability in long-term.

2. Method

Several research methods, such as the analysis of academic and professional publications, and logical and comparative analysis are applied in this research. The study was based on the literature review and analysis of results of the annual employee survey and statistics of employee rotation. Ishikawa diagram method was used to analyse causes and effects of the high employee rotation problem in organization. Quality house method was used for identifying possible alternatives for solution of the problem and choosing relevant strategy that address the problem solving the best way. The authors have elaborated proposals for improving the well-being of employees, increasing their organizational loyalty level and minimizing rotation problem by implementing CSR strategy in organization quality management system.

3. Result

For defining CSR there are used several concepts: social responsibility, corporate citizenship, social performance, sustainable responsible business etc. Bowen (1953) defined that entrepreneurs have the responsibility to orientate on expectations, aims and values of a society. Sociologists Berger and Luckmann (1967) were analysing CSR in the context of organizational theory. They thought that central concept underpinning this perspective is legitimacy and the alignment between organization and society. CSR is viewed as a social construction and, as such, it is not possible to develop an unbiased definition.

Later Wood (1991) widened the perspective of CSR concept and defined that principles of the social responsibility are framed at the institutional, organizational, and individual levels: processes of social responsiveness are shown to be environmental assessment, stakeholder management, and issues management; and outcomes of CSR are posed as social impacts, programs, and policies. This broader concept is similar to nowadays CSR definition and contains main CSR dimensions.

At the end of 20th century opinion that CSR is related to organization sustainability become more and more popular. In this context sustainability doesn't mean only environmental issues. Companies are observed as a part of society, which should positively contribute to their mutual relations.

Carroll (1991) offered his definition of CSR and suggested that four kinds of social responsibilities constitute total CSR: economic, legal, ethical and philanthropic responsibilities. Furthermore these four categories or components of CSR might be depicted as a pyramid, where economic responsibility serves as a basis for all the others. All of these kinds of responsibilities have always existed to some extent, but it has only been in recent years that ethical and philanthropic issues have taken a significant place.

Authors considered important to include in analysis the official CSR definitions. European Commission (2006) defined CSR as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with stakeholders on a voluntary basis. This definition is different from others, because here appeared the voluntary principle in implementing CSR, and are mentioned CSR dimensions – social, environmental and stakeholders. The voluntary principle shows that CSR principles should be a part of organizational values, policy and goals – the overall culture and commitment of management and employees.

International Organization for Standardization (2010) released a standard ISO 26000:2010 Guidance on Social Responsibility and defined CSR as responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour.

The most known concept of sustainable development was established in the Brundtland Commission Report and was defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Bergman and Klefsjö, 2010). Commission also established principles for sustainable development including continuous improvement.

Sustainability concept which is transferred from society level to organizational level is defined corporate sustainability. According to Dyllick and Hockerts (2002) corporate sustainability can be defined as follows: based on the three dimensional concept, a sustainable corporation considers not only economic but also social and environmental prerequisites and impacts of its actions as well as the interdependencies between them. Corporate sustainability requires a long-term business orientation as a basis for satisfying stakeholders' needs now and in the future.

Significant contribution to CSR definition did Hopkins (2003) in the beginning of 21st century – he included the term stakeholders in the concept. He defined that CSR is concerned with treating the stakeholders of the firm ethically or in a responsible manner. According to Hopkins, stakeholders exist both within an organization and outside. The wider aim of social responsibility is to create higher and higher level of welfare, while preserving the profitability of the corporation, for peoples both within and outside the corporation. For the first time in the focus of CSR the employees appeared. Employees are considered to be important resources, which provide sustainability of organization in long-term solutions.

Human resources can be a potential source of sustainable competitive advantage in organization. Sustainable competitive advantage can only be achieved if the organization has human resources, which cannot be copied by competitors (Wright et al., 1994). Employees are considered to be also one of the stakeholders of organization. According to the theories of CSR, their needs and expectations organization should take into consideration.

The cause-effect Ishikawa diagram and analysis of the employees' survey showed that causes of the employees' rotation are poor conditions of working place and weak leadership. The Quality house method showed that implementing employee-related CSR principles in a quality management system can in long-term period reduce employee rotation and organization costs and provide better knowledge management, increasing the loyalty of employees to organization. Committed and loyal employees are precondition of increasing the quality of process performance and sustainability and excellence of organization.

Organizational excellence is an approach to improve the performance of organizations. Using the principles of quality management, customer orientation and process management, it is possible to optimize processes to achieve effective results with less resource consumption and improve product and service quality. As opposed to the traditional product-related factors that have influenced consumers' opinions of companies in the past, consumers now increasingly emphasize facets of CSR as important factors in their purchasing decisions (Zink, 2011).

Authors already mentioned before that CSR principles are well integrated in quality management system. Kok et al. (2001) suggest that CSR could possibly be incorporated into organisations more effectively and in shorter timescales by using existing quality management conduits (models and methodologies) and processes, without undermining either the principles of CSR or quality management.

Regular discussions help to keep the society interest to CSR for a long time and provided continuous development of the concept. Authors think that the problems of defining CSR are related to the fact that it is a relatively new concept. This concept still is on continuous development process according to the needs of the society. Van Oosterhout and Heugens (2006) think that the gist of the problem of defining CSR is that we don't understand what CSR is, that we do not understand its causes and consequences, and that the notion is not very helpful in understanding what exactly is desirable or required at the business-society interface.

Dahlsrud (2006) was analysing thirty seven definitions of CSR and concluded that existing definitions are to a large extent congruent. It is concluded that the confusion is not so much about how CSR is defined, as about how CSR is socially constructed in a specific context. The CSR definitions are describing a phenomenon, but fail to present any guidance on how to manage the challenges within this phenomenon. CSR definitions do not provide guidelines, but they also give the overall description and understanding of the concept, which allows each entrepreneur to evaluate and choose which strategies and CSR principles he will follow. In this case the lack of strict CSR definition and permanent discussions are considered to be an advantage.

Andersen and Skojett-Larsen (2009) think the construct of CSR as we know it today has two main characteristics. First, it describes the relationship between business and the larger society. Second, it refers to a company's voluntary activities in the area of environmental and social issues. At the same time, Belu and Manescu (2013) think that despite disagreements over an appropriate definition, CSR is generally viewed as corporations' responsibility to integrate environmental, social, and governance practices into their business model, beyond mandatory legal requirements. Moreover, CSR is often associated with the notion of sustainable development. Both definitions show that the latest trend in CSR definitions relates it to the precondition of organizational sustainability in a long-term period. In the 20th century definitions sustainability concept was not yet linked to the CSR activities of organizations.

4. Discussion/Conclusions

Analysing CSR perspectives and growing demand of society, it is concluded that in the future organizational awareness of CSR strategy implementation will increase and it will become the essential part of organizational culture and policy. Entrepreneurs will survive only in case they will be able to correspond to society expectations and take into account the interests of stakeholders. CSR is reflected in organization process management, policy and values.

Problems of defining CSR are related to the fact that it is relatively new concept. It continuously developing according to the needs of society and is influenced by the changing environment. CSR concept is often criticized both at the beginning of its development and nowadays, for distracting the business from its main goal – increasing the profit.

Implementing employee related CSR activities in a long-term period can reduce organization costs, increase loyalty and commitment and improve the overall quality of process performance.

CSR and quality management principles provide organization sustainability and business excellence. Analysis of various CSR definitions showed that initially in the concept was emphasized the business-society relationships and business ethics. Developing the concept, was taken into consideration also legitimacy concept. At the end of 20th century the definitions reflected society problems which should be addressed by CSR strategies and activities. In the beginning of 21st century CSR is defined as voluntary implementing of principles and the precognition for organizational sustainability.

Quality management system provide a framework for implementing CSR policy, strategy, activities and culture in all management levels of organization, that create basis for establishment of sustainable development policy and provide overall employee and management commitment and continuous improvement of the system. Key for organizational excellence is the combination of focusing on quality in the process level and following the needs of stakeholders, giving the valuable contribution to the well-being of society.

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