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PARALLELS BETWEEN CSR AND THE EFQM EXCELLENCE MODEL

Summary. 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 their employees, their families, as well as local communities and society as a whole. Confirmation of this trend is implementation of other models of 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 depth. 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.

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.

Keywords: EFQM Excellence Model, Socially Responsible Business, Process of ethical and Corporate Responsibility.

PODOBIENSTWA MIĘDZY CSR I MODELEM DOSKONAŁOŚCI EFQM

Streszczenie. CSR to obietnica przedsiębiorstw, aby działać etycznie i przyczynić się do zrównoważonego rozwoju gospodarczego, a także do poprawy jakości życia pracowników, ich rodzin, jak również społeczności lokalnych i społeczeństwa jako całości. Potwierdzeniem tej tendencji jest realizacja innych modeli systemów zarządzania, które koncentrują się na jakości. Jednym z takich modeli jest równoległa łączność między Społeczną Odpowiedzialnością Biznesu i Modelem Doskonałości EFQM, które są dogłębnie analizowane w artykule. Systematyczne i profesjonalne zastosowanie Modelu Doskonałości EFQM i łączność z podstawami Społecznej Odpowiedzialności Biznesu powoduje maksymalizację wartości dodanej dla wszystkich zainteresowanych stron.

Słowa kluczowe: Model doskonałości EFQM, społecznie odpowiedzialny biznes, proces etycznej i społecznej odpowiedzialności.

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 financial scandals and corruption in international corporations in the last few years have taken the public's, private organizations' and businesses' 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.

2. Theoretical origins of examination of CSR and the EFQM Excellence Model

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 groups, 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.

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

an array of advantages and benefits, mainly non-financial benefits, which are imperative for good and long-term sustainable activities.¹

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,
 2. 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.

¹ Cierna H.: Corporate Social Responsibility and excellence model (in Slovak). UMB EF, Banska Bystrica, 2008.

- 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 systems. A responsible process will become part of organization's activities, systems and the 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.²

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.³ Corporate Social Responsibility also stimulates other types of innovation, which can in return contribute to maintaining or changing 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.

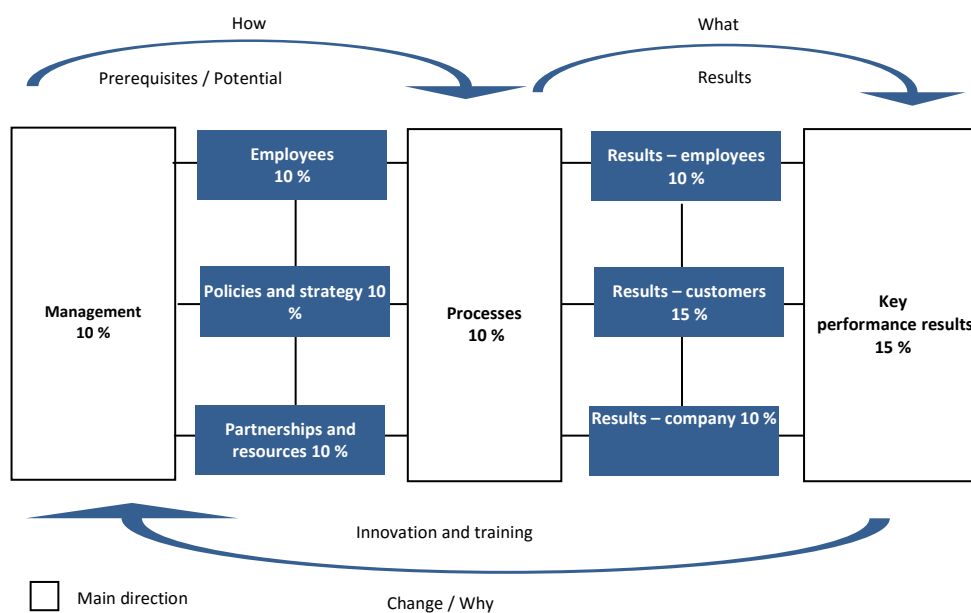


Fig. 1. EFQM Excellence Model. [Source: Own research]
Rys. 1

² Čierna H., Sujova E., Tavodova M.: Separated Aspects of Management for Engineers (in Slovak). TU Zvolen, FEVT, Zvolen 2015

³ Nenadal J. et al.: Modern Quality Management Systems (in Czech). Management Press, Praha 2002.; See also: Gabrysova M.: Theory of Quality (in Czech). OPF in Karvina, Karvina 2004; Carroll A. B.: Corporate Social Responsibility. Business and Society, Vol. 38, No.3., p. 17-25, London 1999.

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 CSR and the EFQM Excellence Model

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 your 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.

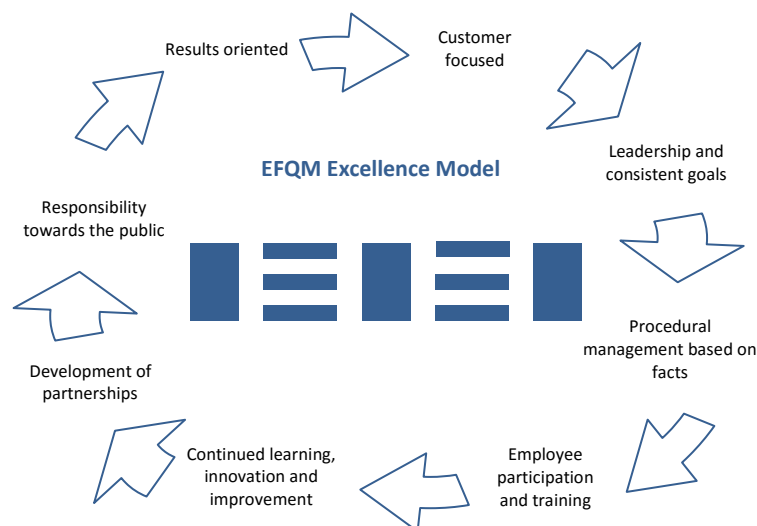


Fig. 2. Key principles of the EFQM Excellence Model. [Source: Own research]

Rys. 2. Kluczowe zasady Modelu Doskonałości EFQM. [Źródło: badania własne]

Integral goal of all quality management systems is customer satisfaction. In a unified market, customers are assaulted by a high volume of 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.

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.

Table 1

Interconnectivity between Corporate Social Responsibility and the EFQM Excellence Model⁴

		EFQM Excellence Model	Interconnectivity between Corporate Social Responsibility and the EFQM Excellence Model
Criteria for prerequisites and resources	Leadership	<ul style="list-style-type: none"> - 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 	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - analyze external environment - analyze internal environment - generate strategies, announce strategic goals - apply, evaluate and improve or potentially fulfill corporate policies 	<ul style="list-style-type: none"> - identify expectations of existing and potential interest parties - survey future trends that affect Corporate Social Responsibility - integrate Corporate Social Responsibility into strategic plans and goals - communicate with all interested parties
	Employees	<ul style="list-style-type: none"> - provide adequate competencies - right people in the right positions, delegate - set up effective and efficient motivation and stimulation systems 	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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 	<ul style="list-style-type: none"> - manage external partnerships - finance management - facilities management (buildings, equipment) - technology management

⁴ Source: Own research.

	Processes	<ul style="list-style-type: none"> - 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 	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - customers' perception of the company - support and sale - customer loyalty - indicators of product and services productivity 	<ul style="list-style-type: none"> - Corporate Social Responsibility audit - benchmarking - trends and goals
	Results from relationships with employees	<ul style="list-style-type: none"> - employees' perception of the company - employee motivation - employee satisfaction - services provided to employees - internal evaluation – indicators of productivity 	<ul style="list-style-type: none"> - internal customer care - breaking ethical principles, psychological harassment - company's ethical code - internal code of conduct
	Results from relationship with society	<ul style="list-style-type: none"> - 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 	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - company's financial and non-financial results - external resources, including partnerships - finances - buildings, equipment, materials - technology - information and know-how - key indicators of productivity 	<ul style="list-style-type: none"> - protection of intellectual property - treatment of suppliers - transparency - treatment of investors

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 of 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 CSR.

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 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 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 stakeholders.

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 of quality of life.⁵

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 the ISO 14000 standard, protections of natural resources, and use of alternative energy sources.

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 well-developed 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.

⁵ Pavlovic B.: Lobbying in European Union.2006. Ministry of Foreign Affairs SR. 2006

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.

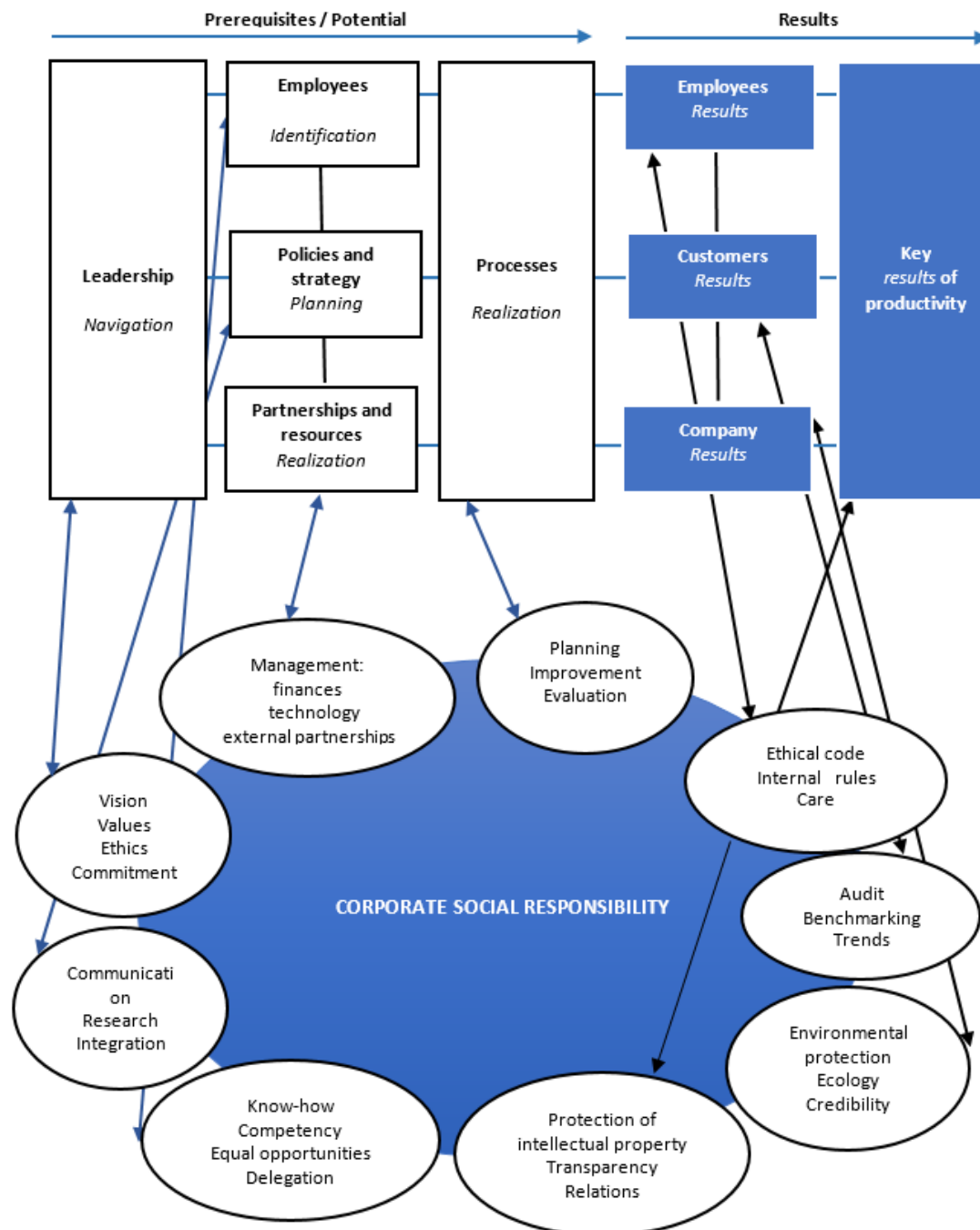


Fig. 3. Parallels between Corporate Social Responsibility and the EFQM Excellence Model⁶
 Rys. 3. Podobieństwa między Społeczną Odpowiedzialnością Biznesu a Modelem Doskonałości EFQM

⁶ Source: Own research

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 the economic, social, and environmental context.

Social and ethical responsibility provide a foundation on which business subjects can start building their own behavior and bring a perspective to interest groups about this direction. By including processes from social and ethical responsibility in their 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.

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.⁷

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

⁷ Putnova A.: Ethics Management in Bussiness (in Czech). GRADA, Praha 2007, p.168.

things, on description and analysis of related issues, such as intellectual capital, learning organization, knowledge management, and more.

4. Conclusion

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 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.

The article was prepared as part of a research grant project VEGA 1/0187/16 „Post - fundacionalizmus as perspective in (Applied) Ethics”.

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Omówienie

CSR to obietnica przedsiębiorstw, aby działać etycznie i przyczynić się do zrównoważonego rozwoju gospodarczego, a także do poprawy jakości życia pracowników, ich rodzin, jak również społeczności lokalnych i społeczeństwa jako całości. Potwierdzeniem tej tendencji jest realizacja innych modeli systemów zarządzania, które koncentrują się na jakości. Jednym z takich modeli jest równoległa łączność między Społeczną Odpowiedzialnością Biznesu i Modelem Doskonałości EFQM, które są dogłębnie analizowane w artykule. Systematyczne i profesjonalne zastosowanie Modelu Doskonałości EFQM i łączność z podstawami Społecznej Odpowiedzialności Biznesu powodują maksymalizację wartości dodanej dla wszystkich zainteresowanych stron.

Zasady społecznej odpowiedzialności biznesu są ściśle powiązane z filozofią Modelu Doskonałości EFQM. Każda firma ma swoje własne kierownictwo i wiele pomysłów, które identyfikują wizję przedsiębiorstwa. Kryteria Modelu Doskonałości EFQM są połączone ze społeczną odpowiedzialnością biznesu i obie filozofie określają sukces firmy.