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### **TQM AS AN ACCELERATOR FOR THE DIFFUSION OF CSR**

The paper is aimed is to understand how Total Quality Management (TQM) can act as a foundation for developing Corporate Social Responsibility (CSR) within Public Organizations, especially those wishing to make an approach towards excellence in order to optimize decision-making, to improve human resource management, public finance and quality of public services.

Аналізується, як загальне управління якістю (TQM) може виступати в якості основи для розвитку корпоративної соціальної відповідальності (КСВ) в державних організаціях, особливо в тих, які спрямовані на застосування підходу до вдосконалення з метою оптимізації прийняття рішень для поліпшення управління людськими ресурсами, державними фінансами і якістю суспільних послуг.

Анализируется, как всеобщее управление качеством (TQM) может выступать в качестве основы для развития корпоративной социальной ответственности (КСО) в государственных организациях, особенно в тех, которые направлены на применение подхода к совершенствованию в целях оптимизации принятия решений, для улучшения управления человеческими ресурсами, государственными финансами и качеством общественных услуг.

*Keywords:* CSR, Total Quality Management, public organizations, ethic.

#### **1. Introduction: CSR for Public Organizations**

CSR is «the voluntary integration by firms of their social and environmental concerns and their business operations and relations with the interested parties». «To be socially responsible means not only fully satisfy-

ing the legal obligations but going further and investing more in human capital, in the environment, and in relations with the other interested parties» [ 29].

This is a clear message to organizations: they must voluntarily contribute to the progress of civil society and the preservation of the environment by bringing social and ecological valuations into the business transformation and into the governance relationship with stakeholders.

That growth is held to be sustainable which unites the economic, environmental [9], and social activities of every human activity while maintaining its impact on the economic and financial capacity of the system in which it takes place.

CSR includes three areas of interface between the organization and its stakeholders:

- a. the social area, with the aim of improving the influence of the public enterprise and sustaining social development in the community it operates in or in other regions;
- b. the environmental area, with the objective of effectively managing the material and energy resources, reducing to the minimum possible level the environmental impact of the organization's activities;
- c. the economic area, which can be included under the concept of corporate governance, understood as the respect by the organization's top management for the basic rules of behaviour in order to guarantee a transparent and effective strategic governance [21] aimed at the creation and distribution of value.

The objectives of public organizations must thus be achieved by balancing short-term priorities and long-term needs; in fact, only in this way will the strategies of public organizations coincide with the need for a sustainable growth that respects the fundamental cultural and social values. Thus, focusing on structural and human capital, as the European institutions themselves suggest when they defined the meaning of CSR, means making social responsibility an important investment in sustainable growth and at the same time an equally important investment in the organization's reputation and longevity.

The European system has always asked the various organizations to assume a responsibility for the quality of life of their employees and their rights, for the territory they operate in, and to show respect for the environment. The European Commission has put forward a new, simpler definition of corporate social responsibility as “the responsibility of enterprises for their impacts on society” [16].The public organizations are playing a vital role in the economic development of the country and they must follow the same guidelines.

## **2. The Ethical Foundations of Responsibility**

By the ethics of responsibility we mean the managerial characteristic whereby organizations must be responsible to the outside world for the actions of their management; not only, in accordance to law, in terms of their objectives, but also to the community in terms of, for example, employment and investment, the justice of their actions, and so on.

The changes generally under way in the economic and social contexts ensure that the increased attention paid to satisfying stakeholder expectations influences the success of the organization in meeting new challenges:

- a. globalization presents organizations with new responsibilities regarding the economic situation in poor countries;
- b. reputation depends increasingly on environmental policy;
- c. the social sensibilities of customers has increased and is more focussed on the organization's behaviour and ethical values;
- d. the increasing weight of human rights and workers' rights imposes new constraints on the management of human resources in the entire supply chain;
- e. the growing importance of human capital underscores the need for personnel policies that make the most productive use of employees;
- f. the various stakeholders demand increasing levels of correctness and transparency [43].

These factors have led to a clear evolution in the concept of social responsibility, with a shift from a respect for stakeholder expectations to the responsible behaviour of the organization with respect to the entire socio-environmental system.

Social responsibility thus defines a transparent organizational behaviour based on ethical values [10] and a respect for employees, society and the environment [6]. In particular, the ethical aspects of correctness, responsibility, transparency, and the respect of fundamental rights play a crucial role, since the social legitimization of management's action depends on these, without which the organization could not survive and grow; however, this legitimization cannot be acquired unless the organization can publicly demonstrate that it has taken into account the compatibility of its development plans with the shared values of the social environment it operates in.

## **3. Making Quality Sustainable in Public Organizations**

The governance of public organizations in their relations with the outside environment and the connected problem of managing available resources presents greater complexity than that for private enterprises [24].

The idea of quality in public administration (Massey, 1999) was present in the public sector in the last half of the 80s and at a wider scale in the 90s. Now quality is become “a central term in our contemporary rhetoric”

[49], one of the subjects and central preoccupations of administrative modernization [50].

Service quality represents an important aspect of performance in any organization in the public sector [44], and the public administration of national states must obtain performance adopting a quality management strategies. The quality of public sector is indispensable for legitimate governance.

We can point out several features peculiar to public services that determine their specificity and thus make them unique; these can be reduced to two conceptual constructs: the intangibility and immateriality of the processes and results. This explains the difficulty in identifying precise indicators, since this would entail measuring the intangible and standardizing the «non-quality», given that we are dealing with situations where:

- the services cannot be stored and there is the problem of determining the size of the production capacity;
- the service provided cannot be adjusted;
- there is a very close relation between the human elements regarding both the operator and the customer-client;
- the quality of a service is a parameter of operational coherence, the reproducibility of the processes, and effectiveness and efficiency;
- managing the service means coming into contact with a number of partners with different needs, demands and evaluation parameters, among which the customer, households, buyers, operators, etc.;
- the «instrument of work» (the operator) and the “object of work” (the customer who must satisfy a need) are two people who put into play and use experiences, desires, fears, aspirations, meanings, competencies, ghosts, projections, and symbols.

The above assumptions imply the need to define a pathway for the specific quality of the service to be provided that avoids a mechanical transposition of the models of quality borrowed from manufacturing systems, since these do not reflect the characteristics of social services [48].

Quality means the capacity to satisfy needs, moral and material, social and economic, which are translated into certain requirements that are not generic but concrete and measurable.

Regulations, whether cogent technical rules or voluntary technical regulations, thus represent the primary reference, even though still imperfect and capable of being perfected, for the construction and assurance of quality; conformity to regulations is, rightly so, considered synonymous with quality (within the limits, of course, permitted by the “beneficence” of the applicable regulation).

Thus, even for public authorities there is an increasing need to measure themselves by their capacity to implement practises and activities that go beyond a respect for regulations and that, though in a voluntary context, take proper account of the expectations and demands of their stakeholders [15].

The development of the culture and practise of quality and the relevant regulations has gone through a long history of evolution:

1) starting with the direct corrective approach (quality control) typical of product certification and inspection activities;

2) shifting to the indirect, preventive systems approach (quality assurance), based on a rigid systems model still basically inspired by the traditional mechanisms of industrial production, represented by the ISO 9000 series standards in the 1987 and 1994 editions;

3) moving on to the pro-active systems approach (quality management), which is highly flexible and applicable to any kind of socio-economic activity, structured around process and not systems elements and based on research on effectiveness and continual improvement, represented by the ISO 9000/2000 series standards.

Alongside the classic demand for quality mentioned above, there has been a demand for new and more comprehensive forms of quality, aimed at satisfying a wider range of needs from a larger group of stakeholders, which can be appropriately expressed by the term “social quality” (simply put, quality of life) [5].

This has resulted in the system of conformity assessment being asked not only, as in the past, to represent an instrument for regulating economic exchanges but also, and above all, for improving the “quality of life” in the most complete and meaningful sense of the term.

In fact, in the modern socio-economic context production and service processes must be managed so as to ensure not only the conformity of results to the specific functional and performance requirements in question, but also environmental protection (understood as the eco-system these processes interact with), the protection of the health and safety of workers, the protection of information and, more generally, the minimization of the relative negative impact of these processes on society, while at the same time maximizing their positive impact (that is, in a socially-responsible manner).

#### **4. The relationship between TQM and CSR**

TQM is used in every type of organizations: service, manufacturing, private, public, large and small organizations [27]. CSR influence the cultures of organizations [7].

Several studies refer to an explicit or implicit linkage between CSR and TQM. The majority of existing research suggests that the practice of TQM and CSR could be compatible [30; 35; 37; 55; 30].

There is an important link between the movement of the ideals of quality and ethical concepts and theory based on virtue, fairness, rights and freedom conceptualization of ethics. TQM can be used to boost the development of an ethically sensitive corporate culture [28]. “CSR could be a natural progression for those organisations that have already begun their quality journey” [30].

Ethics values of quality management are quite similar to those supporting CSR and reasoning that compatible ethical values provide a common basis for the quality management and CSR. This same logic would also support an argument that the ethical values underlying CSR also support quality management [56]. Wicks and Freeman argue that TQM is driven by a set of interrelated concepts that simultaneously present management practices and moral values [55]. Moir (2001) argues that both TQM and CSR share similar ethical anchors [42].

TQM can support the implementation of CSR within organizations by viewing CSR and TQM through the lens of ethics to identify ethical values [37].

There is a relationship between CSR and TQM because the two concepts share common principles and require/engender similar and compatible moral values [37]. CSR and TQM have similar ethical foundations and require similar organizational cultures.

The issue that has interested scholars in the field of TQM and CSR is the degree of overlap between these two powerful and all-embracing concepts. Clearly, if the two concepts have a great deal in common then TQM, with its greater penetration in organizations of all shapes and size, can act as a key catalyst for developing CSR within the organization [37]. TQM is perceived as organization-friendly and compatible with the primary goal of organizations [26], while it is possible for managers to reject CSR on the grounds that moral principles are incompatible with those of rational principles [14; 2].

TQM successfully strikes a balance between the goal of organization and doing the right thing in terms of respecting the interest of wider stakeholders [26]. Similarly, CSR accepts the legitimacy of the goal of the organization, but it considers value-based behaviour - for example, valuing people and the environment – as the root to sustainable performance. Hence, TQM can play an important part in facilitating a deeper penetration of CSR in a broad range of organizations [28].

Ethics in business is not merely philanthropy but an essential foundation upon which organizations are founded and through which business improvement can be achieved and better communities developed [42]. Similarly, TQM is founded on ethics, which leads to organization improvement theory and practice [45]. Thus, it can be argued that CSR has always been a major influence in organizations and that it is now growing more rapidly. CSR has a strong affinity to the principles of quality management.

Quality practitioners and researchers have the responsibility of ensuring that the ethical basis of quality is not overlooked and that quality management takes a leadership role in promoting ethical practices [59].

Therefore, CSR will not simply happen because an organization has TQM: to make it happen it is necessary to address the issue explicitly. Moreover, it is necessary to adjust the elements of TQM so that they consciously address facets of CSR [28].

The model in Fig.1 shows how investments made to produce socially-responsible behaviour that leads to improvements in environmental, ethical and social quality as well as in productivity lead to an improvement in reputation and positively influence company performance.

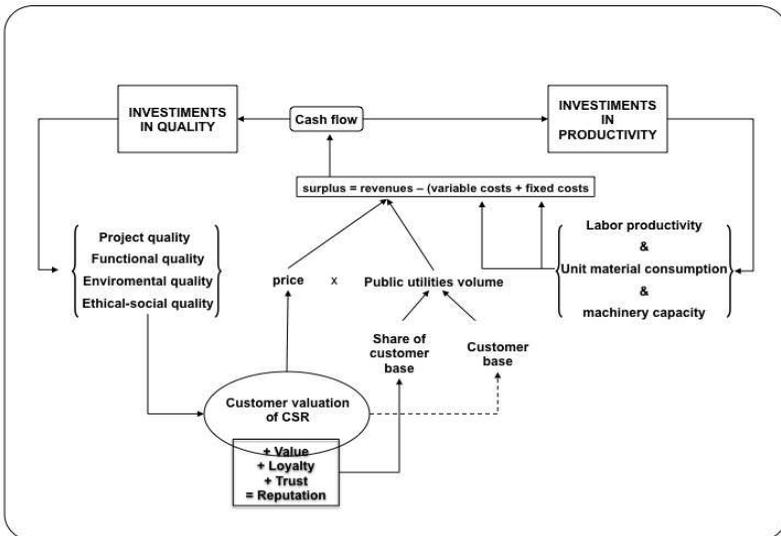


Fig. 1 – The relation between quality and CSR (Gazzola & Mella, 2006, with modifications)

Starting from the investments in quality and productivity, the model shows how such investments can be decisive for the fundamental variable of notoriety and reputation. In fact, such investment influences the perception that stakeholders have of the firm, allowing them to assess its reliability, and generates an appreciation of the firm, which are the engines behind the trust of customers and the environment.

The investments in CSR depend on the environmental quality of the public organization. In fact, each investment in CSR is an investment that can maintain the value-loyalty-faith triad of the consumers and is therefore synonymous with reputation [23].

### **Conclusion**

Quality provides: «competitive services of excellent and durable quality, delivered in the shortest possible time to market, at minimum cost, and in a manner that emphasizes human dignity, work satisfaction and mutual and long-term loyalty between the organization and all its stakeholders» [4]. This position is adopted by the American Quality Society (ASQ) code of ethics, which states that quality is «knowledge and skill for the advancement of human welfare and in promoting the safety and reliability of services for public use». Thus, TQM has a foundational similarity to CSR in that it has an «ethical anchor» considered essential for CSR development [42; 58]. Organizations are becoming more aware of how consumers view their impact with regard to CSR. Thus, using existing TQM conduits of organizational change to develop CSR in organizations will not compromise the underlying principles of CSR or TQM [35].

The founders of modern quality management and organization excellence – Crosby [11], Demings [13] and Juran [34] among others – considered ethics, principles and respect for people as key principles. For example, Crosby stated that: «the organizations will prosper only when all employees feel the same way and when neither customers nor employees will be harassed». Deming's 14 points highlighted the «driving out of fear». He advocated an organizational climate where dealings between managers, employees and customers were conducted on an ethical basis. Juran spoke of a system of values, beliefs and behaviours, individual and team, created within the organization, which are necessary for organizational success. He espoused the view that TQM should be recognized for its focus on people through the quality of working life and employee satisfaction. This principled basis of quality is one of the key factors that identify it as a key area of influence in CSR.

In short, TQM, both historically and currently, is consistent with both the legitimate ethical and instrumental sides of CSR. This congruity suggests the possibility of incorporating CSR into organizations more effec-

tively and with shorter timescales by using existing TQM organizational change conduits and processes [54]. In our model is explained how quality approaches and CSR are interrelated. In the model it's possible to understand how contemporary Public Organization with TQM must not only effectively manage the quality of its services but also master and implement the ethical and instrumental sides of CSR. It's clear that TQM can be used as an accelerator for the diffusion of CSR. It is important that coexistence of both integrated in the organization.

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