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The application of The EFQM Excellence Model by the evaluation of Corporate Social Responsibility activities of companies

Radoslav Jankal^{a*}, Miriam Jankalova^b

^aUniversity of Zilina, Faculty of Management Science and Informatics, Univerzita 1, 010 26 Zilina, Slovakia

^bUniversity of Zilina, Faculty of Operation and Economics of Transport and Communications, Univerzita 1, 010 26 Zilina, Slovakia

Abstract

If companies wish to succeed on the markets with strong competitive pressure, they have to focus their attention not only to make a profit, or increase market share, but also to increase protection of the environment, and help the local community. The aim of the paper is to point out the possibility of applying The EFQM Excellence Model in assessing the level of CSR. Results are based on information gathered through extensive literature review using internet and research databases and the author's own experience. It can be concluded that The EFQM Excellence Model underwent and is undergoing constant changes, individual areas and criteria serving for the overall assessment are being changed and amended.

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1. Introduction

In the past, companies focused mainly on maximizing profit for shareholders, creating products at minimal cost. Today, only such orientation is not sufficient for success. If companies wish to succeed on the markets with strong competitive pressure, they have to focus their attention not only to make a profit, cost reduction, or increase market share, but also to increase protection of the environment, and help the local community. For most customers is the most important not only final product, for shareholders the amount of profit, but also important is the way the

* Radoslav Jankal. Tel.: +421-41-513-4458.

E-mail address: radoslav.jankal@fri.uniza.sk

product has been made and the profit realized. Therefore, it is important that companies operate responsibly towards all stakeholders and apply the principles of Corporate Social Responsibility (CSR).

Authors, governmental and nongovernmental organizations have been dealing with the issue of CSR from many points of view for many years, opinions on the identification of individual items of corporate social responsibility are differing due to various views of this issue (Bowen, 1953; Holme, Watts, 2000; WBCSD, 2000; Koppl, Neureiter, 2004; Fuchs-Gambock, Langmeier, 2006; Government of Canada, 2006; Herchen, 2007; Hohnen, 2007; Friesl, 2008; Geicke, 2008; Lotter, Braun, 2010; Werther, Chandler, 2010; Remisova, 2011):

- Social responsibility refers (Bowen, 1953) to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society.
- Corporate Social Responsibility is (WBCSD, 2000) the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large.
- Corporate social responsibility is (Holme and Watts, 2000) the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life.
- CSR is (Government of Canada, 2006) understood to be the way companies integrate social, environmental and economic concerns into their values, culture, decision making, strategy and operations in a transparent and accountable manner and thereby establish better practices within the company, create wealth and improve society.

Corporate social responsibility comes in many different shapes and sizes (Carroll, 1979; Búciova, 2008; Dahlsrud, 2008; Kuldova, 2010; Remisova, 2011), but in praxis it is usually categorised into three areas (Elkington, 1994): the first is economic; the second is social and the third is environmental. Alexander Dahlsrud (Dahlsrud, 2008) in his paper "*How Corporate Social Responsibility is defined: an Analysis of 37 definitions*" specified five primary areas of CSR, namely: *environmental, social, economic, stakeholder and voluntariness*. In order to fulfil the aim of this paper we will base it on the approach of Alexander Dahlsrud (2008). The reason for this choice is also the fact that companies are forced to engage all key partners (*stakeholder*), including item of providing quality products and services, transparent company management (*economic*), care of employees (*social*), environmental protection (*environmental*) and cooperation with the local community (*voluntariness*).

Nowadays there are currently methods, standards and initiatives which enable to evaluate the CSR. Indexes for measurement and reporting of CSR (Dow Jones Sustainability Indexes, FTSE4Good Index, Natur Aktien Index, Ethibel Sustainability Index), initiatives (Global Reporting Initiative, UN Global Compact), norms (AA 1000 AccountAbility Principles Standard, ISO 26000 Guidance on social responsibility, Social Accountability - SA 8000) can serve as guides. Exceptions are Business Excellence models, de facto models with a fixed scale criteria and sub-criteria to be considered as a starting framework for determining the achieved level of Business Excellence (Hoffmann, 1986; Chung, 1986; Nagel, 1986; Jacobs, 1992; Peters & Waterman, 2004; Jankalova, 2012; Jankalova, 2015). Currently, our theory and praxis offer several holistic models. Examples are the three most famous - in Europe in form of The EFQM Excellence Model, in Japan in form of Deming Prize model and in USA in form of Malcolm Baldrige Model for Performance Excellence.

As approach frequently used in the practice includes The EFQM Excellence Model, the aim of the paper is to point out the possibility of applying this model in assessing of the CSR level. The reason why it is necessary to deal with exactly this area is implied by the following statements:

- corporate social responsibility is within the European Union perceived and evaluated as part of the competitiveness of the country, realized evaluation of CSR in different countries and their international comparison suggest some relation between the economic performance of the country and reached level of corporate social responsibility of the companies operating in country,
- globalization is related to the entering of capially strong and technically advanced companies on multinational markets, what consequently brings the growth of international competition, international trade, innovations

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