SUCCESSFUL IMPLEMENTATION OF TOTAL RESPONSIBILITY MANAGEMENT IN SLOVENIAN BUSINESS PRACTICE

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Abstract: This paper researches the relationship and potential synergies between the quality management and corporate social responsibility (CSR) where the total quality management systems (TQM) to the total responsibility management (TRM) have been compared. The evolution of TRM in companies includes three main components – approaches - inspiration (vision), integration, and improvement/innovation. The improvement and innovation elements of TRM create a significant demand for companies to broaden measuring of their performance. TRM indicators focus on stakeholders, together with triple bottom lines of economic, societal and environment issues. Measuring responsibility requires the “cost - benefit” approach. It also urges for more responsibility towards stakeholders and environment. Gorenje Group represents a successful case of implementation of TRM, especially of age management/inter-generation management in corporate values, culture, strategies and measurement of sustainable indicators (responsibility to employees - employees satisfaction, healthcare for employees, employees with reduced working capacity, employees’ good health, responsibility and innovativeness of the employees; responsibility to closer and wider social environment, effects of CSR on consumer behaviour, responsibility to users of products and services, responsibility to the natural environment, occupational health and safety policy, etc.). CSR offers the link between sustainability and long-term competitiveness. These two elements could be promoted through transparency, good governance, concern for the environment and good relations with company’s stakeholders.

Keywords: total responsible management, total quality management, sustainable development, sustainable indicators, responsibility to employees, age management, inter-generation management, Gorenje Group.

USPEŠNA IMPLEMENTACIJA POPOLNOMA ODGOVORNEGA UPRAVLJANJA V SLOVENSKI POSLOVNI PRAKSI

Povzetek: Članek raziskuje odnos in potencialne sinergije med upravljanjem kvalitete in družbene odgovornosti podjetja; primerja upravljanje popolne kvalitete in upravljanje popolne odgovornosti. Razvoj popolnoma odgovornega upravljanja v podjetjih vključuje tri glavne komponente – pristope - inspiracijo (vizijo), integracijo in izboljšave/inoviranje. Elementi izboljševanja in inovacij popolnoma odgovornega upravljanja terjajo od podjetij bolj temeljito merjenje njihovega delovanja. Indikatorji popolnoma odgovornega upravljanja so osredotočeni na deležnike, skupaj z razširjenim spektrom vrednot in kriterijev za merjenje gospodarskih, družbenih in okoljskih vplivov. Merjenje odgovornosti zahteva pristop “stroški – koristi”. To terja več odgovornosti do deležnikov in okolja. Skupina Gorenje predstavlja uspešen primer implementacije popolnoma odgovornega upravljanja, še posebej upravljanja starosti (age management) / medgeneracijskega upravljanja (inter-generation management) v vrednotah, kulturi, strategijah podjetja in merjenju trajnostnih indikatorjev (odgovornost do zaposlenih - zadovoljstvo zaposlenih, zaposleni z omejenimi delovnimi zmožnostmi, dobro zdravje zaposlenih, odgovornost in inovativnost zaposlenih; odgovornost do ožjega in širšega družbenega okolja, učinku družbeno odgovornega ravnanja podjetij na obnašanje potrošnikov, odgovornost do uporabnikov proizvodov in storitev, odgovornost do naravnega okolja, politika varovanja zdravja na delovnem mestu itd.). Družbena odgovornost podjetja predstavlja zvezo med trajnostno usmeritvijo in dolgoročno konkurenčnostjo. Ta dva elementa se lahko promovirata s transparentnostjo, dobrim vodenjem, skrbjo za okolje in dobrimi odnosi z deležniki podjetja.

Ključne besede: popolnoma odgovorno upravljanje, upravljanje popolne kvalitete, trajnostni razvoj, trajnostni indikatorji, odgovornost do zaposlenih, upravljanje starosti, medgeneracijsko upravljanje, Skupina Gorenje.

1. Introduction

The European Union (EU) acknowledged the potential role that corporate responsibility might play in realising EU’s goal of becoming the most competitive knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion. Businesses can compete effectively across the responsibility spectrum, spanning from investment in environment-friendly technology and raising productivity by
improving their employees’ work-life balance, all way to cutting corners on environment and labour standards and engaging in corrupt relationships with governments (Zadek, 2004). Over the past decade, the challenges arising from the ageing of the workforce in Europe have triggered a range of different policy responses from governments and social partners. Over the next 20 years, the average age of the working population will increase and the number of men and women of working age will decline. Furthermore, working conditions as well as employment opportunities must be appropriate for an age-diverse workforce.

Quality management is a given in modern companies – a competitive imperative. Why and how should responsibility be managed? What is responsibility management? Contemporary literature (Waddock and Bodwell, 2008) answers these questions while at the same time providing a systemic framework for managing a company’s responsibilities to stakeholders and the natural environment that can be applied in a wide range of contexts. Companies know that product’s or service’s quality affects their customer relationships and the trust customers have in the company’s products and services. So, too, a company’s management of its responsibilities to other constituencies affects its relationships with those other stakeholders and its natural environment. It is important to make the process of managing responsibilities to and relationships with stakeholders and nature explicit.

Corporate social responsibility (CSR) is continual company’s commitment to ethical behavior, economic development, improving the quality of life of employees, their families, the local community, and society in general.« (World Business Council for Sustainable Development). The Lisbon strategy applied by the EU to define economic competitiveness and dynamics calls also for increased social security and concern for the environment. The relationship between international competitiveness and CSR is not simple. However, researches suggest that CSR, under certain conditions, can stimulate innovation, investment or trade, and consequently also competitiveness. As Porter and Kramer (2006) state “corporations are neither responsible for the world’s problem, nor do they have the resources to solve them all. Each company can identify the particular set of societal problems that it is best equipped to help resolve and form, which it can gain the greatest competitive benefit from.” During the last decade, growing numbers of companies worldwide acknowledge the importance of CSR in doing business (Cramer, 2003). Today, CSR is one of the most important items on the corporate boardroom agenda for significant number of companies worldwide (Grayson and Hodger, 2004). Many of the largest multinationals have voluntarily decided to start examining their social behaviour, articulating the types of commitment they want to make and creating CSR reports putting this commitment in black and white for the world to see (Hollender, 2003). CSR entails new management strategies, new relationships with civil societies, and even changes in corporate values and culture. The increased attention to CSR from all the stakeholders is becoming stronger and pressing companies to transform their business practices and relationships in order to create additional (sustainable) values other than the stakeholder’s value. These challenges of sustainability are now being expanded in the increasing CSR-related expectations and changing consumer’s behaviour, as well as accountability and being more active and involved in civil society.

This paper researches the relationship and potential synergies between the quality management and CSR as emerging systems from the total quality management systems to the total responsibility management (including age management/intergeneration management) and sustainable indicators and their implementation – in Gorenje Group (second biggest exporter in Slovenia). In Slovenia, there are many indicators that CSR along with sustainability thinking is increasingly becoming and important source of values in both the private and public sectors. Slovenian companies, particularly the big ones such as Gorenje Group are in the forefront of taking initiatives on CSR and sustainable development. The general objective of this paper is to explore and learn about CSR as a new and important business concept and an important aspect of corporate sustainability for Gorenje Group. My focus is on the experience and management practice in the Gorenje Group, as well as its relations to its important stakeholders and sustainable indicators. The theory (total quality management, total responsibility management (including age management/intergeneration management), indicators and measurement of corporate sustainability, sustainable consumption), management practices in Gorenje Group are investigated.

2. What are corporate social responsibility and responsibility management?

The research on CSR, carried out over the last 30 years has mainly been related to the analysis of value creation (Alexander and Buchholz, 1978; Clarkson, 1995; Harrison and Feeman, 1999; Waddock and Graves, 1997). The neo-institutional theory suggests that organizations and their strategies are strongly influenced by the institutional characteristics in which they operate, and by the legacy reflected by the culture, history and policy of a specific country or region (Doh and Guay, 2006). Furthermore, Welford (2005) states that in general CSR is more active in Europe than in the United States or Canada, mainly in the North European Countries. Their research results show that there are significant differences in the social behaviour between highly reputed European and North American companies. These differences tackle the level and components of the social behaviour, as well as the factors, which motivate such behaviour. The difference is more significant concerning responsibilities toward employees and customers of the company than toward community or natural environment. From this perspective, managing
responsibility means building trusting relationships with key stakeholders, such as employees, customers, suppliers and communities, and ensuring that, despite power differences that may exist, the company’s impacts are positive rather than negative (Waddock and Bodwell, 2008).

2.1. Briefly about Total responsibility Management

Briefly, TRM starts with inspiration. It means that the company has articulated a values-driven vision to which top management is committed. Built on generally agreed foundational standards that provide a floor of expectations about company practices and performance while incorporating the company’s own explicitly stated values, the vision guides strategy development and implementation, processes, procedures and relationships. The next major component of TRM is integration. TRM integrates the company’s inspirational vision into its strategies, its employee relationships and practices, and the numerous management systems that support company strategies. TRM, using continual improvement tools creates feedback loops that foster innovation and improvement in management systems. Key performance indicators, or a measurement system that assesses how well the company is performing along at least the triple bottom line of economic, social and environment (Elkington 1998 in Waddock and Bodwell, 2008) is an important element of the TRM framework; so are transparency and accountability for results. TRM in brief means (Waddock an Bodwell, 2008): 1) inspiration: vision setting and leadership systems (responsibility vision, values and leadership systems, stakeholder engagement processes); 2) integration: strategy, employee and operating practices (strategy, human resource responsibility, responsibility integration management systems); 3) innovation: improvement and learning systems (improvement: remediation, innovation and learning) and 4) plus indicators to feed back into the improvement and innovation system (responsibility measurement system; results: responsible economic performance, stakeholder/societal and ecological outcomes; transparency and accountability for results and impacts).

In analogy with quality management, TRM follows the traditional process sequence embedded in quality systems in their implementation – plan, do check, act – a process that is embedded in the corporate accountability management system called SA8000 (Social Accountability 8000), which focuses primarily on implementation of labor standards, but can be extended to TRM. The plan-do-check-act sequence provides a process for continual improvement which is needed to ensure not only that responsibility management is in place, but also that the company is on a path of continual improvement. TRM is very similar to TQM, where top-management and leadership commitment to customers is a fundamental first step. The specific attribute of TRM is that other stakeholders’ interests also need to be taken into consideration. Responsibility management, as with quality management, is not necessarily about perfection, but rather about a process of continual improvement and innovation. As with quality management, improving the company’s responsibility management means involving and engaging with key stakeholders, particularly with employees. By engaging with them interactively, companies can develop improvement and learning systems that help them generate better returns and greater competitive advantage.

Putting responsibility management into practice - Employees in quality-oriented culture instinctively act as a team. Organizations where focuses on customers, continuous improvement, and teamwork are taken for granted have a good chance of attaining the total quality. The criteria are built upon a set of “core values and concepts” (Evans, 2007): visionary leadership; customer-driven excellence; organizational and personal learning; valuing employees and partners; agility; focus on the future; managing for innovation; management by facts; social responsibility; focus on results and creating value; systems perspective. Most initiatives that benefit older workers have been introduced at relatively low cost.

At the company level, sustainable development strategy should be “fostered by a strong sense of social environmental purpose”; it implies a commitment to a triple bottom line that includes profitability, environmental and social goals (Fowler and Hope, 2007). Vision can be a positive guide for action and decision-making, help determine what should be and should not be done, inspire people to do their best work, provide a meaningful framework for company’s stakeholders, create a sense of ‘we’ that inspires new ideas and contributions, and provide a log-term sense of direction and purpose (Waddock and Bodwell, 2008). The important work of Collins and Porras (1997) highlights how a well-articulated vision can contribute to company’s long-term success. In their book Built to Last, they found that the visionary companies that did so well had future-oriented, inspirational visions, supported by widely recognised core values along with supporting strategies that enabled the company to achieve its vision in the long term. It is to those values, both core to the company, and foundational to basic human dignity, that we now will turn. Vision setting and leadership systems create the organisational context for managing responsibility. A necessary condition is having a clear vision about CSR from top management and well-articulated guiding core values that support the vision. Articulating these values is an important element in developing a coherent and meaningful vision and strategy.
Leadership commitment - Leaders and managers in company play a crucial role in developing vision and values. Adopting a TRM approach means systematically changing the entire company, ensuring that vision and values are integrated into all company’s strategies and operating practices; it also requires top management involvement. Leaders, wherever they are in the organisation, but particularly in top management, need to take a long-term perspective, make a public commitment, communicate the commitment, be a role model for the company’s values, to integrate vision and values into strategies and practices, and support change (Waddock and Bodwell, 2008). Leading companies are finding that new strategic and organizational skills are required to integrate stakeholder considerations into the value-delivery capability of their organizations. The eight disciplines are integrated into a management process that executives can use in their organizations to discover and create sustainable value in a step-by-step approach (Laszlo, 2008): 1) understand current value position; 2) anticipate future expectations; 3) set sustainable value goals; 4) design value creation initiatives; 5) develop the business case; 6) capture the value; 7) validate results and capture learning; 8) build sustainable value organizational capacity.

Stakeholder engagement - The proactive stance is the best in this attempt to anticipate and hence respond to problems before they arise. Many companies find that two-way communication or what is called stakeholder engagement can help provide better information about possible problems and better prepare the company for issues. The next important task is to indentify the relevant stakeholders. Most companies would acknowledge the importance of a certain set of stakeholders, called primary stakeholders (see, for example, Freeman 1984; Clarkson 1995; Waddock 2006).

2.2 Managing an ageing workforce

The ageing and shrinking of the EU workforce over the next two decades calls for a new approach to managing ageing, both in the workplace and in economic and social policy terms. Part of the pressure for legislation to outlaw age discrimination in employment came from enlightened employers and human resources (HR) professionals, who recognise the advantages of age diversity in organisations. By restricting recruitment to so-called ‘prime age’ workers, many organisations have prevented themselves from maximising their human resources potential. The public policy context demands stronger age management. In particular, wide spread concern about the sustainability of some of Europe’s public pension systems has led to a rapid closure of early-exit gateways and the adoption of measures to encourage an extension of working life (OECD, 2006; Reday-Mulvey, 2005). In the first European guide (Walker 1999), good practice in age management is defined as those measures that combat age barriers and/or promote age diversity. Age management encompasses the following eight dimensions: job recruitment; learning, training and lifelong learning; career development; flexible working time practices; health protection and promotion, and workplace design; redeployment; employment exit and the transition to retirement; comprehensive approaches. More organisations are now implementing measures related to health and working conditions, job design, flexible working practices and re-deployment (Taylor, 2006).

Recruitment - Good practice means ensuring that older workers have either equal or special access to the available jobs and that potential applicants are not discriminated against either directly or indirectly.

Training and lifelong learning - Good practice in this field means ensuring that older workers are not neglected in training and career development, that opportunities for learning are offered throughout working life, that training methods are appropriate to older workers, and that positive action is taken where necessary to compensate for discrimination in the past (Walker, 1997). Moreover, the economic importance of qualifications and skills is growing, while the workforce is getting older. In light of this, implementing on-the-job training that integrates older employees is a priority task for the organisation.

Career development - Career development is an important instrument for ensuring the promotion prospects and job security of older employees. Good practice in career development that applies specifically to older employees is rarely encountered. Approaches that have been identified include identifying individual career ambitions and making related plans, tailoring career planning to occupational groups and using specialist advisors in systematic career consultation. In addition, suitable organisational data and information systems are needed, as are HR managers specialised in the areas of ageing and/or diversity. Finally, some of these tasks can also be fulfilled by external resources, such as business consultants or scientific institutions.

Flexible working time practices - Good practice in this field means giving older workers greater flexibility in their hours of work or in the timing and nature of their retirement (Walker, 1997) and adjusting working time and other aspects of employment to reflect changes in the way people work and in family and caring responsibilities of the work force (Naegele and Walker, 2000). The objective of flexible working time practices is both a more productive alignment of working times and work demands and a better reconciliation of work with personal interests and commitments (work–life-balance). Working time flexibility may be an important instrument for retaining older workers in employment.
Health protection and promotion and workplace design - Good practice in health protection, health promotion and workplace design means optimising work processes and the organisation of work to enable employees to perform well and to ensure their health and capacity to work (Naegele & Walker 2000). Good practice in this field may take the form of either preventive measures or measures intended to compensate for physical decline. In practice, there is a range of ways in which work-induced illness or disability may be prevented.

Redeployment of older workers – Good practice in redeployment refers primarily to coordinating the demands of the workplace with the capacity of the (older) employees. It also presupposes the maintenance of work quality for the employees affected by the redeployments. Redeployment is often considered as a compensatory measure in response to existing performance constraints; it can, however, also be used as a preventive measure – for example, as part of health protection or career development measures. It can be assured, if redeployment is viewed as part of a preventive age management strategy geared to maintaining employability – particularly in terms of flexibility, qualification and skill enhancement and health protection.

Employment exit and the transition to retirement - Good practice in this field means basing any redundancy decision on objective job-related criteria and ensuring that retirement schemes offer a choice of options and are fairly applied (Naegele and Walker, 2000). Even where the best corporate age management strategies are in place, redundancies and/or compulsory early retirements are frequently unavoidable.

Organisations may want to take relatively small-scale initiatives in response to particular problems, such as skill shortages. However, the limitations of such actions must be recognised as problems that might be created when both good and bad HR practices towards older workers co-exist. Therefore, specific measures to combat age barriers, which focus only on one aspect of age management and/or the latter part of employees’ working lives, as welcome as they are, should be seen as a first step towards a holistic HR strategy on age and employment (Walker, 1997).

Numerous excellent examples of good practice in age management can be found in many organisations. Age awareness must be developed, particularly among HR managers and staff representatives at all levels, if organisations are to develop a corporate climate sensitive to demographic change and with a positive attitude towards ageing. Finally, individual employees should also be educated about their own ageing process. To ensure cooperation on the basis of equality when age management measures are being instituted, all relevant parties within the organisation should be involved from the start of the planning stage as well as in the implementation. A precondition for this is the development of effective relations between the social partners beyond the organisational level. Open and continuous communication in connection with the project and in all stages of its implementation creates a solid basis of mutual trust. Finally, the organisation should learn how other organisations are already dealing with age-management and what can be learned from those examples.

Role of key actors in age management policies - Organisational initiatives to combat age barriers must be at the heart of any strategy of responding to work force ageing. Age management is not simply a matter for employers and employees: ideally, it should be embraced by all relevant parties. The aim is to combine all relevant actions and policies into an integrated age management strategy and practice. Integration, in this context, involves the horizontal connection of measures within companies and beyond as well as the vertical integration of policy and practice. Governments should lead by example as employers, as contractors, as the initiators of legislation and as rule enforcers. Regional and local governments have key roles to play as potential supporters of age management initiatives, as regulators and as age awareness promoters.

Integrating responsibility management - What is clear is that responsibility management approaches must be both systemic and requisitely holistic, if they are to be effective. A key step in developing innovation and improvement systems is to provide guidance and structures that encourage responsible practices. Improvement and innovation means taking processes or systems that may or may not be working reasonably well now and making them better. Employees are the most critical resource that a company has for improving its TRM systems because they do the work of the organisation day to day. The quality movement also articulated a set of important principles, by which organisations could begin to move their practices towards higher levels of quality as well as continual improvement.

Indicators – to measure responsibility, new indicators need to be added to financial and quality management systems, in what we call ‘plus indicators’. Indicators for TRM focus on stakeholders, and on the triple bottom lines of economic, societal and environment issues. Measures of business success and dimensions of corporate sustainable-development performance focuses specifically on the key areas of (van Heel et al. 2001): governance (ethics, values and principles); general business (triple-bottom-line commitment); environment (environment process focus and environment product focus); socioeconomic (socioeconomic development, human rights, workplace conditions); and stakeholder engagement (engaging both business and non-business partners).

Responsible competitiveness - The European Community has acknowledged the potential role that CSR and TRM might play in realising its goal of becoming the most competitive knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion. The question is
whether corporate responsible practices can play a significant role in driving ‘responsible competitiveness’, characterised by a positive relationship between national and regional competitiveness and a nation’s sustainable development performance. The relationship between international competitiveness and CSR is not a simple one. However, CSR can, under certain conditions, stimulate innovation, investment or trade, and hence competitiveness. The potential for ‘CSR clusters’ has been identified as creating competitive advantage within several sectors arising through interactions between the business community, labour organisations and wider civil society, and the public sector focused on the enhancement of CSR. Furthermore, while Porter was original thinking of clustering focused on the role of geographic proximity in stimulating innovation, learning and productivity, research (Zadek, 2004) raises the possibility of geographically dispersed clustering, for example, along value chains. Public policies to amplify CSR practices need to be, and indeed are being, formulated in the context of this complexity, at an international level, and also at regional, national, and even community levels: redefining our understanding of ‘responsible competitiveness’; national, regional and sector analysis; standards, tools and competitiveness; responsible competitiveness, winners and losers; redefining competitiveness measures.

Social responsibility (of enterprises as human tools for a part of economic benefits) can be a superficial charity, some saving of energy and nature, some fair treatment of co-workers and other business partners and broader society, etc., which is fine, but social responsibility can be also much more: upgrading of methods of so far for social advancement and sustainable future, such as total quality management, business excellence, innovative business, business reengineering etc., consideration of the law of requisite holism in the daily practice, or even a new way out the current blind alley of affluent and complacent society, or even a new way to the world peace.

Cost/benefit alternatives in business are presented by Knez-Riedl and Mulej (2008). Creativity matters, which does not tackle only innovation of products, services, and work processes, but includes also a sense-making content of working and leisure time of people as creative creatures. The fact that the creative class is increasing its share of society (Florida, 2005); with the law of requisite holism and requisite wholeness (Mulej and Kajzer, 1998); and with SR of creative people and their co-workers and stakeholders as the most influential groups; then we might be able to find a way from abusing the liberal economics to sustainable future. Tolerance for diversity brings talents and makes investment in technology worth while, the 3T model says (Florida, 2005); this makes the difference between the most successful and other regions.

2.3. Effects of Corporate Social Responsibility on Consumer Behaviour

In a business world characterized by increasing competition and in which corporate actions are being employed to complement marketing activities in order to gain a sustainable competitive advantage, the present research contributes to our understanding of the effects of CSR on consumer behaviour. Especially (Marin et al., 2009) show that CSR initiatives influence consumer behaviour through multiple paths, including the traditional path through company evaluation as well as the recently proposed path through consumer-company identification. CSR activities have a significant influence on several consumer related outcomes such as consumer product responses (Pirsch et al., 2007) and attitudes (Berens et al., 2005) as well as consumer-company identification (Sen and Bhattacharya, 2001 and 2006). The topic has been intensely researched in recent years, but the results seem to be inconclusive. The stock performance of “good” companies does not excel that of their “inferior” competitors (Mc Williams and Siegel, 2000, 2001; Margolis and Walsh, 2003; Orlitzky et al., 2003; Rubens and Wessels, 2004). Page and Fearn (2005) found that, in the area of corporate reputation, perceptions of fairness toward consumers or attributions of success and leadership to a company have the greatest impact on consumer attitudes.

Studies of the effect of a company’s social reputation on consumer purchasing preferences… have been inconclusive at best (Porter and Kramer, 2006). Fair Trade is now part of a wider and complex ethical consumer movement that demands socially and environmentally sustainable production processes (Low and Davenport, 2006). Fair trade is considered one of the best examples of how the economy can be based upon solidarity and sustainability.

3. Successfull implementation of TRM (age management) - Gorenje Group

3.1. Problem definition

**Problem** - The main researches on Corporate Social Responsibility have not included synergies between Total Responsibility Management (including Age Management / Inter-generation management) and Total Quality Management into corporate strategies. CSR and sustainable development have to be measured.

**Hypothesis**: Total Responsibility Management (including age management/inter-generation management and its implementation in corporate strategies are elements of CSR and sustainable development which lead to sustainable development and long-term competitive advantages. Gorenje Group can serve as a successful case in Slovenia.
Methodology – Gorenje Group (the second biggest export company in Slovenia) - Director of department of environmental and health and safety at work, Ms Fece and Director of HRM department, Ms Vodopivec – have been interviewed. Furthermore, the Gorenje Group internal data and compilation of papers written by Ms Fece (2005a, 2005b, 2007 and 2008) have been included. The CSR and TRM (including age management/inter-generation management) are not enough for more sustainability. The consumers have to be involved and different stakeholders including government have to influence their behaviour by education to become Responsible Consumers.

3.2 Research questions

The questions are following this aim: Is CSR included in your corporate culture, values and strategies? How does your company put CSR, especially age management into practice and explain leadership commitment? What is the context and why is the special attention paid to age management? Which age-management encompassing dimensions have been included in your strategies already? Which CSR, especially age-management indicators are introduced in your company and how it is measured - examples? What are the main commitments and goals of Gorenje Group regarding CSR – age management/inter-generation management and environment protection? Why are EMAS and good working conditions so important for your company? What are your expectations, successful outcomes and TRM/CSR lead your company to responsible competitiveness? What discourages Slovenian companies from more sustainable behaviour and people from consuming more sustainably? What actions can responsible and sustainable business take to deliver goods and services that encourage and enable people to consume more sustainably? What can government and communities do to encourage and enable more successful age management, sustainable production and consumption?

3.3. Research findings in general

Gorenje Group wide values, leadership principles and policies are supplemented by the Gorenje Sustainable Development Policy, which lays down their sustainability strategy. The Gorenje Group has undertaken to pursue a sustainable and value-oriented business policy, in part through their commitment to the Global Responsible Care Initiative. The Gorenje Group is aware of its responsibility for its activities, which have an impact on people as well as on closer and wider surroundings, including the natural environment; therefore its approach to the CSR is a planned and responsible one.

Group-wide control of this task is handled by the Gorenje Corporate Sustainability Board, the most important committee for sustainability management at Group level. The Gorenje Corporate Sustainability Board consists of the members of the management boards of the subgroups responsible for ecology and technology and the heads of the Corporate Center departments for Corporate Human Resources & Organization, Communications and Environment & Sustainability. Chaired by the Group Management Board member responsible for Innovation, Technology and Environment, this body meets regularly to jointly establish the sustainability strategy and objectives, adopt Group sustainability-related directives, and decide on key initiatives. A corner stone in the implementation of these decisions is the Environment & Sustainability Department, which cooperates closely with the sustainable development officers in the subgroups and service companies within the context of the Gorenje Community Management concept - An internal Gorenje Group policy governs cooperation between the various responsible parties in the subgroups and service companies through specialist committees. This ensures the optimal use of synergies within the Gorenje Group and the coherent implementation of decisions.

The subgroups and service companies have established effective management systems for health, safety, environmental protection and quality (HSEQ). Also in place there are systems and rules for specific requirements of individual subgroups and service companies. Rules governing health protection and workplace safety are particularly important, and have thus been adapted. Gorenje Group is becoming a sustainable company: 1) Group level general: Gorenje Group values, leadership principles and polices; 2) Group level sustainability: a) commitments to: responsible care; global compact, World Business Concl for Sustainable Development and corporate social responsibility; b) positions and policies on relevant basic issues e.g.: human rights, stakeholder concerns and genetic engineering and c) sustainability management; objectives, reporting and steering; 3) Subgroup and service company level (including communities, regions and countries): policies, goals and strategies; HSEQ management systems and audits; responsible care programs and initiatives and opportunity and risk management. The Gorenje Group is aware of the responsibility for its activities with impact on people as well as on closer and wider surroundings, including the natural environment, therefore its approach to the social responsibility is a planned and responsible one.

CSR in Gorenje Group incorporates: 1) responsibility to employees (concern for education and training of employees, concern for young and promising staff, development of human resources, measuring of organizational climate and employees' satisfaction, healthcare for employees, assurance of suitable employment to disabled
persons, care for occupational health and safety and communications with employees); 2) responsibility to users of products and services (assurance of product safety, assurance of environmentally friendly products and meeting of guarantee and service obligations); 3) responsibility to close and wide social environment and 4) responsibility to the natural environment. Some key activities and expected benefits are presented below.

3.4. Responsibility to employees (including age management/intergeneration management)

There are several issues to be covered.

Concern for education and training of employees - The dilemma to invest only in material assets or also in knowledge is actually the dilemma between to »have« and to »be«. Knowledge and skills acquired in the process of education, training and living in an organized society enables facing of new challenges. Simultaneously, this is the motive for further development. For years, Gorenje has introduced and accepted the concept of a learning company. Relations among employees, the organizational climate and culture are the factors that importantly support the accomplishment of its strategic objectives. Age management in Gorenje Group encompasses the following eight dimensions: 1) job recruitment; 2) learning, training and lifelong learning; 3) career development; 4) flexible working time practices; 5) health protection and promotion, and workplace design; 6) redeployment; 7) employment exit and the transition to retirement; 8) comprehensive approaches.

In 2008, the parent company trained a total of 4,541 staff, which represents a share of 86.5 percent of all employees. Totally 9514 trainings have been organized and many employees took part in several trainings. On average, an individual training or education program lasted for 33.0 hours. More than 85.0 percent of all training and education programs were organized outside working time.

Concern for young and promising staff - Granting scholarships is an important source of acquiring human resources. The share of students of technical studies reached 83.6 %. Through the education centre Gorenje is involved in various state education projects and presentations.

Development of human resources - The mission of the HR development is detection of individual's advantages, wishes and ambitions and their development in accordance with his/her objectives and the objectives of Gorenje. The basic tool of HR development and strengthening of corporate culture is the training program for promising staff named the Manager Academy that has become part of traditional operation in the Gorenje Group. The third key tool for the development and planning of individual's career is the annual interview. Measuring of organizational climate and employees' satisfaction - Measuring of organizational climate in Gorenje is used for the detection of satisfaction of employees with their working conditions and relations at work.

Healthcare for employees - The fact that only a healthy and satisfied employee can be successful at work is the basic guidance of all persons involved in the project “Health care for employees and management of sick-absenteeism”. They are included in the project CINDI Slovenia (lectures, tests of body capacity and similar). Preventive recreational holidays are organized since they have favorable and motivation influences on the participants. In order to know better sick-absenteeism, problems, expectations and wishes of colleagues at work, visits of employees during their sick-leaves were introduced some years ago. Simultaneously, it is checked how employees follow the instructions for treatment and behavior at the time of absence from work. The purpose of discussions with department heads and employees after returning back from sick-leave is similar. Records of these findings serve for planning for improvements in working groups. In Gorenje, special attention is paid to employees with reduced working capacity. In compliance with the legislation the mentioned employees are placed to suitable easier jobs.

Assurance of suitable employment to disabled persons - the Employment Rehabilitation and Employment of Disabled Persons Act introduced a system of employment quotas for the disabled in Slovenia. Due to the development of new technologies, changing economic and social conditions the working environment has changed. Gorenje has successfully adapted to these changes in all segments of occupational health and safety, in all companies of the Group and in all countries of operation. This can be achieved only by a systematic approach, clearly defined objectives, programs and responsibilities. Gorenje Group operates in accordance with the requirements of occupational health and safety contained in standard OHSAS 18001 (Occupation health and safety management systems). The basic objectives (reduction in the number of accidents and seriousness of injuries at work; reduction in the number of reasons of occupational diseases; maintenance of employees' good health) of occupational health and safety objectives have been selected in relation to the importance of individual areas of occupational health and safety and are incorporated into the strategy of development of occupational health and safety in Gorenje Group.

Communications with employees - The most important target public of the Gorenje Group are its employees. They are the first voices advertising the trade mark and the first ones representing the culture and values of the Group to the external world. Thus, they shall be familiar with the events and policies of the Group. Gorenje has ensured the level of information also by the weekly Black on white, and the sporadic journal Point on G.
bulletins belong to tools for the achievement of objectives of Gorenje Group, such as close relations among the management and the employees and only among the employees. They increase the feeling of loyalty to the organization, increase motivation, responsibility, and innovativeness of the employees, encourage employees to achieve the planned objectives of Gorenje Group, establish and maintain strong Company’s own corporate culture, strengthen team work, etc. Generally speaking, Gorenje Group has done a great deal of organization and management on employee’s welfare. Management programs and commitments to continual improvement aimed at offering a better workplace constitute an essential part of responsible and sustainable management.

3.5. Responsibility to users of products and services

This part of CSR is also manifold.

Assurance of product safety - When developing products, Gorenje’s most relevant guidance is assurance of product safety which is checked by Slovene and esteemed foreign institutions.

Assurance of environmentally friendly products – is based on European Committee of Domestic Equipment Manufactures (CECED). Through CECED, Gorenje Group would like to be a partner and companion in talks to the European commission in preparation of the legislation. Gorenje Group typically makes an effort to provide products that guarantee the satisfaction of customers and meets their expectations. The responsibility to customers ensures that the product is of high quality, accessible, safe and environmentally-friendly, and has less social and environmental impacts. More long-term attention should be paid to education of sustainable consumers and all stakeholders (values) in welfare society. Social marketing (i.e. marketing products with social claims or labels) is still not implemented; it will be demanded in the future. Company-customer relationships in pursuing CSR are in defining exactly what CSR means to customers and in understanding how customers perceive it.

3.6. Responsibility to both the closer and wider social environment

Gorenje has built up its reputation also by contributions to various activities. In 2007, Gorenje allocated funds to the areas of culture, education, health care, and humanitarian activities. Besides that an important share was allocated to the development of sports activities and top sports that additionally confirm the recognition of Gorenje Group in Europe. Company’s own activity plays an important role in social activities, in the area of culture within the Cultural Society in Gorenje, in the organization of artistic and sculptural exhibitions in Gorenje. The Company has also supported the Choir of Gorenje that has achieved notable international success.

In the area of health care and humanitarian activities Gorenje donated to associations operating in this area. Cases include Institute of Oncology in Ljubljana in scope of the activity “good thought” and the Faculty of Economics, University of Ljubljana for the erection of a lift which will help overcome some architectural hindrances. In the area of education Gorenje supports better conditions for work in up-bringing and educational institutions. In the area of sports Gorenje is the general sponsor of the Nordic team of the Skiing Association of Slovenia and volleyball club of Gorenje. Especially important was also co-financing of the annual FIS cup in ski jumping in Velenje and the international table tennis competition in Velenje that belongs to this sport’s world cup.

Simultaneously with advertising in various sports events Gorenje contributed to easier organization, implementation of various sports competitions and recreational activities for a wide society. Funds were contributed also to minor amateur societies and activities involving young in sports activities, as a contribution to healthy and useful spending of free time. One of important long term aims is to stimulate employees and their families to pay more attention to healthy way of life. Employees are also encouraged to become members of the Recreational Society Gorenje that receives some funds.

In accordance with corporate values that are being developed Gorenje supported also the activities of the Pensioners’ Club of Gorenje and thus showed its concern for the third life period of the Company’s former employees - for example to establish senior home for former employees in cooperation with local community.

In the recent past, the rise and increased attention to CSR in Slovenia has put Gorenje Group in the spotlight and created significant interests and/or reactions among different stakeholders in Slovenian welfare state. There is a wide array of community activities in which Gorenje Group is involved (corporate citizenship - especially very good cooperation with communities where their companies are and where their employees live). Corporate citizenship is a notion that a community legitimizes the presence of a company by its involvement and participation in community activities and development. Community project-based initiatives, participation in civil action, and membership in social forums are given attention by Gorenje Group.

3.7. Responsibility to the natural environment
The parent company Gorenje continued its activities of environmental management by performing its activities planned for the achievement of objectives of environmental protection. Besides striving for the achievement of measurable objectives (waste management, energy products – all objectives were achieved) special attention was paid to the introduction and meeting of requirements of the RoHS Directive (Restriction on the use of certain hazardous substances in electrical and electronic equipment). Since the parent company is subject to the requirements of the new IPPC legislation (Integrated Pollution Prevention and Control) it filed an application for obtaining the comprehensive environmental license with the Ministry of Environment and Spatial Planning. The introduction of ISO 14001 standards reduced the level of ecological risk and contributed to optimal environmental management. Reducing discharges from harmful processes control over the utilization of all energy sources, together with the recycling of raw materials and wastes also contribute to a decrease in operating costs.

3.8. Environmental and occupational health and safety policy

The medium-term Strategic Plan of Gorenje Group for the period 2006–2010 is based on current confirmation of the vision and mission: Gorenje Group creates original, technically perfect and user-friendly products of top-design for agreeable home. It is focused on increasing the satisfaction of consumers while creating in socially responsible mode the values for owners, employees and other shareholders of the Gorenje Group. Due to its importance the policy of environmental protection and occupational health and safety is the constituent part of management policy in Gorenje Group and entrepreneurial culture of the company. For example each new material which is implemented in Gorenje Group and entrepreneurial culture of the company. For example each new material which is implemented commits to: 1) include ecology and occupational health and safety in their development strategy, in annual and operative plans with anticipated measures, bearers, performers and timeframes in order to offer employees a safe and healthy fulfillment of their job assignments along with permanent reduction of injury risks or medical harm while constantly reducing any negative environmental impacts; 2) monitor and measure indicators of conditions in the activity fields and environmental aspect, and in case of deviations, act accordingly; 3) continually improve workplace conditions and ecological situation while fulfilling current applicable requirements; 4) plan and introduce new technologies and products according to principles of environmental protection and introduce adequate, faultless and ergonomic working appliances while permanently seeking possibilities for improving working conditions; 5) use such materials and components, which will meet the most demanding local and international environmental standards; 6) plan new products in compliance with eco-design requirements comprising the complete life cycle of the product: development, production, use and disposal; 7) provide for quantity reduction of produced waste and take every measure for streamlined consumption of energy resources; 8) implement requirements regarding the exposure of workers to the risks caused by noise at the workplace; 9) train and qualify coworkers in order to rise their awareness of assuming responsibility towards their working conditions and environment; 10) co-operate with employees and interested parties, thus contributing to the success of joint efforts in environmental protection and occupational health and safety; 11) inform interested parties about their achievements in environmental protection and occupational health and safety.

Goals regarding environment protection until 2010 are: 1) introduction of requirements related to the contents of hazardous substances in household appliances, 2) decomposition of waste electrical and electronic devices, 3) reduction in quantity of produced waste, 4) reduction in the produced industrial waste packaging, and 5) rational consumption of energy sources.

ECO-Management and Audit Scheme (EMAS) is a directive by the European Parliament and the Council of Europe, elaborated as a tool for systematic treatment of environment. Gorenje decided to voluntarily enter the EMAS Scheme even before the Slovenian entrance in EU; therefore it had adequately upgraded its existing system of environmental treatment by the ISO 14001 standard. In the period of aggressive investment into the modernization of technological procedures it had created circumstances for compliance with the legal requirements and rules regarding all environmental aspects. The environmental report published in Gorenje, has already included the certified environmental statement. Gorenje has also fulfilled the requirements regarding communication and engagement of employees in the environmental treatment system. Performance of the EMAS Scheme system in Gorenje was checked by the Slovenian Institute for Quality and Measurements (SIQ) and found that the system matches the requirements of the EMAS European Directive. Corporate environmentalism has been proliferating in Gorenje Group and has become a de facto culture of company. Eco-efficiency, environmental management systems (EMS), environmental accounting, auditing, and reporting, etc. have provided an array of frameworks for Gorenje Group in responding to environmental issues, and the concept of “greening” has become an established corporate motto. Many indicators are used and new indicators are permanently introduced and presented in Gorenje Group environmental report each year. Environmental responsibility in Gorenje Group is very successful case even in EU.
3.9. Conclusions concerning age management, too

The basic principles for implementing CSR (concerning age management, too) are a fair and equal consideration of employees, ethical and fair business operations, respect for basic human rights, a positive attitude to closer and wider community and responsible environmental management, serve as the basis for defining key social responsibility areas of the Gorenje Group, which are reflected on the Gorenje Group’s vision, mission and values.

4. Future research

Of particular concern to companies, as they focus more on doing good, is the persistent lack of a clear sense of the positive returns to their CSR actions. This underscores the need for better measurement models (indicators) of CSR, sustainable development that capture and estimate clearly the effects of a company’s actions on its stakeholders (direct and indirect), including its consumers. The synergies between TRM and responsible consumption also lead CSR-enterprises to long-term competitive advantages by contributing to requisitely holistic management of innovative companies.

The result of this study presents a positive contribution to the progress and development of CSR in one of the biggest export Slovenian company Gorenje, to discussion and debates on CSR, and conformation furtherance of theories important in studying CSR, TRM and sustainable development, and its measurement.

Theories and discussions on CSR (with accent at age management) and sustainability are still evolving. As shown in this study, the responses in the case company (Gorenje Group) are positive and substantiated by its programs directly addressing how to develop and improve CSR by implementation of TRM and age management into strategies, which includes the permanent measurement (sustainable indicators) to the stakeholders.

Moreover, Gorenje Group, as good corporate citizenship is involved in a wide array of community activities. Gorenje Group presents a successful case of CSR and sustainable development in Slovenia and even in the EU. The aim - to highlight the characteristic features of Slovenian CSR, especially age management, and compare them to other researches (theoretical and empirical) with available empirical published studies - is achieved. Finally, this case adds to the mounting evidence that CSR (including inter-generation management/age management) and sustainability, in general, has created a new dimension in managing sustainability at the corporate level. This study provided some compelling empirical observations and evidence, as well as direct quotations that explain nebulous CSR concepts. There is an immense opportunity to utilize this information to learn and gain new useful insights, approaches, and concepts understanding and managing CSR and sustainable development.

References


