The penetration of business excellence model approach and interconnection with corporate social responsibility in emerging country: a case study in the Czech Republic

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Abstract: The paper provides a general approach to explore the suitability of business excellence models (BEMs) to include corporate social responsibility (CSR) and found the synergic approach in deploying issues of BEMs and CSR. The aim of the paper is to provide an overview of the BEMs approach and found the relevance of the issues of social responsibility. As an example was involved the Czech organisations awarded in national quality award (NQA) in the area of excellence and social responsibility in 2016. This study is based on information gathered through an extensive literature review using research databases, and the available CSR reporting. The study is expected to help in reviewing national business excellence strategies and promote the involvement of the organisations into NQA. Although BEMs and CSR have been demonstrated on a theoretical level, practice points to different outputs and the organisation are only sporadically synergistically propel these two approaches.

Keywords: BEMs; business excellence models; CSR; corporate social responsibility; NQAs; national quality awards; EFQM excellence model.


Biographical notes: Pavel Adámek is the author or co-author of three monographs, two textbooks and over 35 professional papers published in conference proceedings or domestic and foreign scientific journals. He participated as a head researcher in the project supporting PhD from Moravian-Silesian Region and as a team member in a number of projects funded by the Silesian University Grant System or EU funds. He constantly acts as a Reviewer of scientific journals Economics and Management (listed in Thomson Reuters’ Social Sciences Citation Index), Acta Academica Karviniensia (listed in ErihPlus) and conferences organised by EBES, IBIMA. His educational and professional background is PhD in Business Economics and MSc in Economics and Management, Silesian University in Opava. Topics for lectures and scientific collaborations are business economics, corporate social responsibility, entrepreneurship and business excellence models.
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This paper is a revised and expanded version of a paper entitled 'The penetration of business excellence model approach and interconnection with corporate social responsibility in emerging country: a case study in the Czech Republic' presented at SIBR Hong Kong 2017 Conference on Interdisciplinary Business and Economics Research, Hong Kong, 30 September–1 October, 2017.

1 Introduction

The current management approaches have changed significantly in recent times. Increasingly, it is clear that the public perceives organisations not only as producers and as suppliers of products and services, but also assesses their impact on the local community and their willingness to participate in addressing sustainable development issues. Therefore, the priority for organisations is not to maximise profit immediately, but to achieve it in the long-term ‘sustainable profit’. The purpose is to build a positive image among stakeholders and CSR become one way to increase the value of the firm (Tandry et al., 2014). Sukwadi (2015) adds that in today’s highly competitive business environments, total quality management is viewed as a strategy to meet or exceed customers’ needs. Because of rising globalisation and pressing ecological issues, stakeholders, shareholders, suppliers, employees, the community, and government have redefined corporations’ role on the market and in society and evaluating ethical and socially responsible performance (Kumar, 2017). Aslam (2013) reports the implication of the current process of globalisation around the world that makes more products and services available around the world, much more than is required for the sustenance of the world population.

The study aims to identify the links between BEM and social responsibility approaches, which are a prerequisite and often used as a tool for achieving long-term sustainability. Recently, the outburst of corporate social responsibility (CSR) can be said to create realistic international concepts, thus, it is regularly incorporated into organisational strategies (Thuravatikul et al., 2017). The contribution is unique in the synergy of strategic management in the form of models of excellence with the confrontation of CSR pillars in the Czech Republic, which ranks among emerging countries. Although there are studies and researchers focusing on the theoretical application of European Foundation for Quality Management (EFQM)’s approach to CSR implementation and management (e.g., Neergaard and Pedersen, 2012; Cierna and Sujova, 2015; Gorenak, 2015; Foote et al., 2010), our intention is to confront theory with reality. On the example of award-winning organisations in 2016 in the Czech Republic to find out whether the awarded entities in BEMs are also valued in CSR. This paper has originated to a lack of interconnection of strategic management tools that can implement certain CSR development principles appropriately in a number of organisations, with the concern on business excellence models (BEMs). Supriyono et al. (2015) stated that triple-bottom-line concept becomes a strategic part of the framework of a company’s success. CSR reporting has the potential to act as a market-based mechanism resulting in improved social and environmental performance (Tschopp and Caldwell, 2014).

For the purposes of research, the research assumption was formulated: “Awarded organisations in NQAs that already use the BEMs principles also use and take
into consideration social responsibility issues”. We have adapted for identifying the ‘triple-bottom-line’ approach, and the reporting element, which has been thoroughly evaluated against this concept. The paper is structured in the introductory section for defining issues and a progressive literature review focusing on the connectivity between BEM and the CSR issues. The benefit of the study lies in the mapping of the situation in the Czech environment, the search for links between the organisations awarded in 2016 in the NQAs, and the level of implementation and application of the principles of CSR, such a preview of the issue is unique and has not yet been carried out. In the following part, the BEMs will be presented with the CSR issues.

2 The business model excellence approach and the interconnections with CSR

BEMs have played a significant role in improving business among organisations, and these efforts are well documented with Quality Foundations that administer BEMs across regions and countries (Rocha-Lona, 2012). This is also supported by Oakland (2003), who suggests that organisations are placing emphasis on quality through BEMs, such as the EFQM, in order to measure their performance against excellent standards. In this context, BEMs are quality management frameworks based on organisational performance criteria that (Rocha-Lona et al., 2009). The most popular BEMs are Deming model, Baldrige criteria for performance excellence and European Foundation for Quality Management (Ghicajanu et al., 2015). Methodically in our study, we will subsequently operate with the participation of organisations in NQA programs.

Most European countries adopted the EFQM excellence model as the basis for national quality awards (NQAs) during the period 1994–1998 (Talwar, 2008). In particular, the EFQM is a non-prescriptive model that acts as a signpost for organisations (Zargar et al., 2011). This suggests that if an organisation is to achieve its espoused results, its leadership will have to drive its policy and strategy, people, partnerships, and resources while improving the organisation’s processes, products and/or services (Haffer and Kristensen, 2008). The principles and guidelines of social responsibility are outlined in the most recent release of the ISO 26000 standard, which is the reference standard for all CSR topics (Gorenak, 2015). In this context, we mention the approach of responsible competitiveness, when businesses can compete effectively across the responsibility (Cruz and Boehe, 2010). As with most corporate efforts, contextual factors play an important role in why and how CSR initiatives are undertaken, and how effective those initiatives are in improving organisational performance (Foote et al., 2010). We have adopted in the empirical part of the study AME (2008) approach for an aggregation of the business sustainability (CSR) issues described as an adopted process, in which the maturity-level process is classified (introduced in methodology part).

However, the companies still need support to conduct sustainable development (vom Brocke et al., 2012). A suitable instrument, BEMs are linked to CSR because these bottom-up approaches are based on value-generating business processes. Finally, EFQM model refers to CSR and ISO 26000 and we found the interrelation between CSR and EFQM excellence model because it gives the guidelines for integration of social, economic and environmental results or influences. The theoretical aspects are already connected with the reality when the possibilities of continuity between NQA and BEMs in the Czech emerging country were sought and discussed. The government program
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NQAs focus on valuing organisations that achieve excellent results. The excellence model of the NQA of the Czech Republic is fully compatible with EFQM excellence model.

3 Methodology of the study

The study to investigate the current state of the art regarding the integration of CSR into organisations was conducted with a combination of systematic methodologies – identification of the research subjects, areas investigated, mutual comparison and interpretation of the findings. Therefore, the research is focused on identification of awarded companies and elements of excellence, maturity levels for CSR and mutual comparison for a purpose to find out whether there is a link between excellence and social responsibility. Due to the absence of any Czech CSR database or BEM models, the National Award methodology was used to identify successful subjects. According to EFQM’s official website, only two institutions are the partners, particularly the coordinators of national excellence awards. Consequently, summarising the available information in the form of CSR/Sustainability Reports and defining the level of implementation of CSR principles in the organisation (see Tables 1 and 2). For the purposes of research, the research assumption was formulated: “Awarded organizations in NQAs that already use the BEMs principles also use and take into consideration social responsibility issues”.

The comparison of the BEM model with CSR approaches demonstrate the variety of responsible three pillars and deliver an orientation how organisations can focus on corporate responsibility. The aim of this comparison is to provide overview CSR profiles of excellence NQA based on the implementation of CSR principles and the maturity aspects. For such an interpretation, a four-level maturity grid is used (Baumgartner and Ebner, 2010). Finally, the profiles of all CSR approaches and the determination of the maturities is from a generic perspective and reachable maturities are demonstrated in Tables 1 and 2.

We employed a screening of organisation awarded in NQAs based on BEMs approaches with the connections to the aspects connected to CSR and sustainability (adapted from Loepp and Betz, 2015), but we have replaced ‘sustainability’ with the concept of ‘CSR’, which is widespread and widely recognised in the Czech environment. The following are important areas for identifying whether the CSR entities are used the corporate definition of CSR, implementation of CSR within the corporate strategy, documentation of CSR, key CSR performance indicators and integration of CSR into process management based on flow and use of information to reach sustainability. Detailed and deep screening has been done using available information, mainly from annual reports, CSR reports, secondary data from websites, or relevant internal organisation documents. According to the actual situation, there is no obligation in the Czech Republic to report CSR issues; everything is based on a voluntary approach. Findings and results of each category of the CSR integration in organisations are listed in Tables 1 and 2.
Table 1  Overview of the awarded organisations in BEMs and maturity level for CSR

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Sector</th>
<th>BEM model</th>
<th>Level of excellence (number of stars)</th>
<th>CSR/sustainability report</th>
<th>Implementing of CSR principles*</th>
<th>Maturity levels for CSR**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miele technika, s.r.o.</td>
<td>Electrical goods retailers</td>
<td>Excellence Model</td>
<td>Recognised for Excellence (5 stars, winner)</td>
<td>Yes (GRI guidelines)</td>
<td>Yes</td>
<td>Satisfying</td>
</tr>
<tr>
<td>Kaufland, v.o.s.</td>
<td>Wholesaler/retailer</td>
<td>Excellence Model</td>
<td>Recognised for Excellence (4 stars)</td>
<td>Not available Czech report</td>
<td>Only issues: sustainable assortment, supporting NGOs, environmental programs</td>
<td>Elementary</td>
</tr>
<tr>
<td>Population Protection Institute in Lázně Bohdaněč, CZ</td>
<td>Public service</td>
<td>Excellence Model</td>
<td>Recognised for Excellence (3 stars)</td>
<td>No</td>
<td>No</td>
<td>Not applicable</td>
</tr>
<tr>
<td>High school Brno</td>
<td>Education (contributory public organisation)</td>
<td>CAF</td>
<td>(Winner)</td>
<td>Yes (CSR national award)</td>
<td>No</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Center of nursing and nursing services City Touškov</td>
<td>NGO</td>
<td>Start Europe Model</td>
<td>Committed to Excellence</td>
<td>Region President Award for the Social Responsibility</td>
<td>Yes</td>
<td>Elementary</td>
</tr>
<tr>
<td>City Benesov</td>
<td>Public (municipality)</td>
<td>Start Europe Model</td>
<td>Committed to Excellence</td>
<td>No</td>
<td>No</td>
<td>Not applicable</td>
</tr>
<tr>
<td>VODNÍ ZDROJE, a.s.</td>
<td>Environmental protection, water management</td>
<td>Start Europe Model</td>
<td>Committed to Excellence</td>
<td>No – only in are of Elementary scope of ISO 9001 and ISO 14001</td>
<td>No</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Faculty of Economics, Technical University of Liberec</td>
<td>Education (contributory public organisation)</td>
<td>Start Europe Model</td>
<td>Committed to Excellence</td>
<td>No</td>
<td>No</td>
<td>Not applicable</td>
</tr>
<tr>
<td>ACO Industries k.s.</td>
<td>Building industry</td>
<td>Start Plus</td>
<td>Successful organisation</td>
<td>No</td>
<td>No</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Pojišťovna VZP a.s.</td>
<td>Insurance service</td>
<td>Start Plus</td>
<td>Successful organisation</td>
<td>No</td>
<td>No</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Regional Authority – Moravian – Silesian Region</td>
<td>Public (municipality)</td>
<td>Start Plus</td>
<td>Successful organisation</td>
<td>Yes</td>
<td>Yes</td>
<td>Satisfying</td>
</tr>
</tbody>
</table>

*According to available reports.

**Adapted from Baumgartner and Ebner (2010) and modified for CSR.

Source:  Own research
Table 2 Integration of CSR issues into awarded organisations (NQAs in 2016)

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Definition of CSR</th>
<th>Implementation of CSR within the corporate strategy</th>
<th>Documentation of CSR</th>
<th>CSR key performance indicators</th>
<th>Integration into process management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miele technika, s.r.o.</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Kaufland, v.o.s.</td>
<td>Yes</td>
<td>Yes/partly*</td>
<td>Yes</td>
<td>Environmental pillar, donations</td>
<td>Yes</td>
</tr>
<tr>
<td>Population Protection Institute in Lázně Bohdaneč, CZ</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>High school Brno</td>
<td>No</td>
<td>No</td>
<td>Yes/partly**</td>
<td>Environmental and social pillar</td>
<td>Yes/partly**</td>
</tr>
<tr>
<td>Center of nursing and nursing services City Touškov</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>City Benešov</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>VODNÍ ZDROJE, a.s.</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Environmental pillar</td>
<td>Yes/partly**</td>
</tr>
<tr>
<td>Faculty of Economics, Technical University of Liberec</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>ACO Industries k.s.</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Pojišťovna VZP a.s.</td>
<td>No</td>
<td>No</td>
<td>Yes (social pillar)</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Regional Authority – Moravian-Silesian region</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

*Area of sustainable assortment and environmental programs.
**Environmental and social issues in CSR.
***Environmental issues (water management).

Source: Own processing

4 Significant findings and discussion

To describe the sample we use the position within the NQAs in the Czech Republic (in 2016). We have sorted the sample according to the level of excellence reflects the number of stars. To clarify each valuation group of BEM model (see Tables 1 and 2) there are two different platforms, the first reflects organisations, firms, and companies, and the second platform is purely for public and state administration common assessment framework (CAF). Therefore, it is possible that different categories will be represented in the categories of awarding companies – depending on whether they received the award. From this perspective, there are considerable reserves in the Czech Republic when compared to other more developed countries, there are more companies meeting the criteria.
Firstly, we identified the awarded companies and the relevant industrial sector, then, secondly, a level of excellence was established. Thirdly, we identified the available reporting; fourth, we focused on implementation of CSR principles, and then a maturity level for CSR. Based on the findings, the award-winning Miele technika, s.r.o. has been awarded the highest award (5 stars in the recognised for excellence), and the only one to have a GRI (G4) report and has fully implemented the CSR features. Interestingly, there are companies that have implemented CSR principles, use GRI standardisation, but do not participate in the potential competition. Tables 1 and 2 summarises the list of all awarded organisations that received awards within the Czech NQAs. Based on this study result, only two organisations (Miele technika and the Regional Authority – Moravian-Silesian region) are rated as ‘satisfying’ in maturity levels of CSR. These results suggest that there is no direct link between award-winning companies and the level of implementation of responsible approaches. It was expected that almost all the awarded organisations would employ the issues of corporate sustainability.

Based on the study results, only the three award-winning organisations (Kaufland, Center for Nursing and Nursing Services City Touskov, and Vodní zdroje) are evaluated of the ‘elementary’ maturity level. The remainder, except ‘satisfying’ level, of the awarded companies according to the BEM model does not implement responsible approaches, so they are rated “not applicable”. These findings are very negative, as it has been shown that companies use and implement excellence elements, but are already neglecting the implementation of CSR in a broader context. Responsible activities are identified in this category very sporadically and randomly, rather used as a marketing tool than a voluntary commitment to CSR. This also hinders the discovery of a CSR strategic implementation that only occurs in organisations that are ‘satisfied’ or ‘elementary’ categories, others do not reflect, misrepresent, do not use or report. For the above reasons, no other categories (such as the beginning and sophisticated maturity) have been used.

The comparison of the maturity levels for CSR and implementation of CSR principles makes it visible that this CSR focus on a very low standard of CSR sustainability. The organisations following the basic approaches to CSR concentrates on the essentials such as randomly environmental or social activities. To evaluate the integration of partial factors, all awarded companies were also assessed in terms of factors: the corporate definition of CSR, implementation of CSR within the corporate strategy, documentation of CSR, key CSR performance indicators and integration of CSR into process management based on flow and use of information to reach sustainability (adapted from Loepp and Betz, 2015).

Firstly, the area of definition of CSR was examined, specifically, whether there are a clear definition and implementation of strategic management tools or documents. In this category (see Tables 1 and 2), half of the awarded companies had a defined definition level, the problem then arises in its application framework, which can be verified e.g., by a suitable level of certification or CSR award, here is the relevant output for Miele technika, which has an audited GRI (G4) report. It can also be traced that all organisations that have some form of reporting also implement CSR issues, namely, it is only three subjects (Miele technika, Regional Authority – Moravian-Silesian Region and Centre of nursing and nursing services City Touškov. It is interesting to note that these entities are different in terms of both business, NGO and public municipality; therefore, it cannot be generalised that this would only concern one industry sector. Secondly, the importance of implementation of CSR within the corporate strategy was researched based
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on available sources. Half of the companies have succeeded in this area, others do not, and there is evidence of linking to existing CSR reporting. Of the 11 organisations researched, we identified seven cases where there is CSR documentation, the active use of these documents is problematic; only three organisations are systematic on setting criteria, ongoing evaluation and implementation or correction of changes in approaches in all three pillars of CSR. Fourth, related factor is focused on CSR key performance indicators, which is always problematic and for example, the GRI standard sets clear metrics and indicators that can be applied or relevant stock indices. Other approaches are either methodical or non-directional to indicate the factors and objectives of activities in the individual pillars of the CSR concept.

Although organisations have set indicators, the relevant appraisal tool serves as a placement in the relevant national award or relevant audit, in this case, it is only two organisations (Regional Authority and Miele technika) fulfil the criteria credibly. The last factor included the integration into process management, the results showed a positive trend and only four organisations did not show issues of CSR activity in process management. The bottom line is that, for example, Kaufland, a leader in the wholesale/retail industry, takes into consideration the elements of integration into the environmental pillar, including selected donors supporting donations. In addition, High School Brno is active in the environmental and social pillar, setting CSR key performance indicators and integrating them into management.

Based on the study results (see Tables 1 and 2), a number of organisations do not reflect and do not use the established factors of CSR, only Miele technika, the Centre for Nursing and Nursing Services City Touškov, ACO Industries, and Regional Authority – the Moravian-Silesian Region have achieved all the factors examined. Organisations are predominant on the environmental issues (Vodní zdroje) in combination with the social issues (High School Brno and VZP Pojišťovna). Environmental pillars and activities falling within it are predominant, which is due to several causes. The main cost savings include investments in new environmental technologies, which are systematically supported at government level in the form of operational programs (EU funds). This major factor is the cause of the highest interest and the implementation of environmental pillar activities. Following are social pillar activities where most organisations try to either randomly promote selected projects to build a positive public perception, or to track the process of support of certain stakeholders without a counter-service, on a voluntary basis.

We have identified shortcomings in the form of incomplete reports or reports that are not compiled according to a recognised methodology, and their reporting ability is very ‘subjective’ according to what the organisation wants to communicate. Higher reporting ability is provided by organisations that have received CSR category ratings and have verified third-party information. The award-winning organisation within the National CSR Award (2016), none of them has a direct relationship with the award-winning organisations in the BEMs. The results point to the fact that since the NQAs based on the BEMs principles (EFQM excellence model); no company has achieved a CSR award. Therefore, on the practical level, the bottom line is that there is not a direct link to interconnection and synergy between BEM and CSR issues, and CSR principles remain a marginal issue for a fraction of organisations. There are more fragmented approaches such as the CSR award, the CSR reporting award, the models of NQAs, but organisations are looking for the possibility of linking the common elements. In the light of the
5 Conclusion

In summary, we found out that there is no direct link between the BEMs and the corporate CSR issues. As an example, we researched 10 awarded organisations in NQAs and found only non-systematic components mainly in a different level of implementation CSR issues. Over 160 organisations have already participated in this contest. It must be stated that the EFQM Excellence Model has not been widely applied in the Czech Republic. In the light of these valuable findings, the study has some limitation to it. The study has considered only processed information about 11 organisations. Therefore, it may interesting to have a sample of uniform representatives for higher reporting ability. An alternative is the identification of award-winning companies in the time series since 2009 when this national price system was introduced for the first time. Other limitations of research stem from the methodology where available documents, reports, and information were examined. A deeper review has been carried out for higher reporting ability and reflection of this information from practice, but there is scope for deviations, mostly for companies that have not gained any CSR awards and do not have a verifiable report (such as GRI or other awards or certifications). Subsequent research will focus on the modification of specific EFQM model factors and the primary research of the broader research file for CSR and BEMs reflection and connectivity. Due to the absence of any database, future research is based on its own primary investigation and the identification of appropriate subjects. In the field of CSR, there are associations that associate participating organisations, but there is nothing like BEM databases in the Czech Republic. Therefore, it is possible to formulate recommendations for creating a national framework (institution) that will cooperate with subjects interested in excellence and its use. We also recommend implementing the CSR elements into the national award principles of the BEM model, which would become a sub-criterion that would be included in the valuation with an emphasis on sustainability principles, criteria or methodological use, GRI methodology, G4 standard, which sets out specific indicators and evaluation procedures.

Our results also show that CSR is still at its beginning, and organisations need to use more sophisticated additional methods and tools to integrate and support their CSR development. From the example of the Czech Republic, it is clear that there is no link between BEM and CSR principles, although the new innovated EFQM model integrates the elements of sustainability. One of the first steps is to develop a comprehensive methodology integrating both approaches to reflect synergies and create platforms that use excellence elements. Although these principles are very topical in the developed countries, a number of associations and the government are restrained, even though there are strategic documents, so concrete steps are not being taken in practice. In conclusion, the predominant is the environmental issue with cost savings motivation. The study has revealed the incoherence of strategic management tools (although at the governmental level, a number of countries have committed themselves to transferring CSR into practice), which may be an appropriate alternative for comprehensive management and management of organisations. It is necessary to create a platform that will strengthen the
positive impact on the organisation’s performance because socially responsible organisations are focused on long-term sustainable development with sustainable indicators (including CSR) to reach in long-term sustainable competitiveness and cooperative advantages.

References


