RESPONSIBLE MANAGEMENT - OPPORTUNITY FOR SUSTAINABLE GROWTH IN SLOVENIAN BUSINESS PRACTICE

Štefka Gorenak

Faculty for commercial and business sciences, Lava 7, SI-3000 Celje, Slovenia

gorenak.stefka@siol.net

Abstract
Businesses today are experiencing profound pressures to reform and improve stakeholder-related practices and their impacts on stakeholders and the natural environment. This paper researches the relationship and potential synergies between the quality management and corporate social responsibility (CSR) where emerging systems from 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. TRM indicators focus on stakeholders together with triple bottom lines of economic, social and environmental issues. Gorenje Group represents a successful case of implementation of TRM, especially of environmental management, into corporate values, culture, strategies and measurement of sustainable indicators to employees, responsibility to closer and wider social environment, effects of CSR on consumer behaviour, responsibility to the product users and services, responsibility to the natural environment, environmental and occupational health and safety policy. CSR offers the connection between sustainability and long-term competitiveness.

Keywords: total responsibility management, total quality management, corporate social responsibility, sustainable development, sustainable indicators, environmental management, Gorenje Group.

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 decline. (Zadek, 2004)
Quality management is given in modern companies – a competitive imperative. Why and how should responsibility be managed? What is responsibility management? Contemporary literature (Waddock & Bodwell, 2007) answers these questions and at the same time provides a systemic framework for managing the company's responsibilities to stakeholders and the natural environment that can be applied in a wide range of contexts. Moreover, the 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 explicit the process of managing responsibilities to and relationships with the stakeholders and nature.

Corporate social responsibility (CSR) is continual company's commitment to ethical behavior, economic development, improvement of the life quality of employees, their families, the local community and society in general. However, researches suggest that CSR under certain conditions can stimulate innovation, investment or trade and consequently also competitiveness. As Porter & 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 acknowledged 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 & Hodger, 2004). The increased attention to CSR from all the stakeholders is becoming stronger and is making pressure on the 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 the 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 ecological management) and sustainable indicators and their implementation – in Gorenje Group. The theory total responsibility management (including environmental 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 (Clarkson, 1995; Harrison & Feeman, 1999; Waddock & 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 & 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 the power differences that may exist the company's impacts are rather positive than negative (Waddock & Bodwell, 2007).

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) is an important element of the TRM framework; so are transparency and accountability for results. TRM in brief means (Waddock & Bodwell, 2007): 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 primarily focuses 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 are 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 and systems perspective. Some initiatives that benefit eclology have been introduced at relatively low cost. The comparison of core values and concepts in TQM/Baldrige Award and TRM are presented in Table 1.

Table 1 Comparison of core values and concepts in TQM/Baldrige Award and TRM

Baldrige award core values / concepts	TRM core values / concepts
Visionary leadership	Visionary and committed leadership
Customer-driven excellence	Stakeholder-driven excellence and responsible practices
Organisational and personal learning	Organisational and personal learning through dialogue and mutual engagement with relevant stakeholders
Valuing employees and partners	Valuing employees, partners, other stakeholders
Agility	Agility and responsiveness
Focus on the future (short and long term)	Focus on the future (short and long term)
Managing for innovation	Managing for responsibility and improvement
Management by fact	Management by fact, transparency, accountability
Public responsibility and citizenship	Public responsibility and citizenship
Focus on results and creating value	Focus on positive results, impacts and value-added for stakeholders with responsible ecological practices

Source: Waddock and Bodwell (2007, 57-59)

At the company's 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, it helps to determine what should be and should not be done, it inspires people to do their best work, provides a meaningful framework for company's stakeholders, creates a sense of 'we' that inspires new ideas and contributions, and provides a log-term sense of direction and purpose (Waddock & Bodwell, 2007). The important work of Collins & 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 organizational context for managing responsibility. A necessary condition is having a clear vision about CSR from the 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. For example Ketola's (2007) corporate responsibility model anthropocentrism illustrates preference for social responsibility, biocentrism, preference for ecological responsibility and techno centrism the view that economic and ecological responsibilities can be simultaneously achieved through technological solutions.

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 the top management involvement. Leaders, wherever they are in the organization, but particularly in the 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 & Bodwell, 2007).

Leading companies are finding that new strategic and organisational skills are required to integrate stakeholder considerations into the value delivery capability of their organisations. The competencies to manage stakeholder value in a way that integrates environmental and social issues into core business decisions remain in familiar territory in all but a handful of companies. The eight disciplines that form the core competencies required to create sustainable value are: 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. All eight are essential to achieving the goal and must be considered as parts of a whole process. The eight disciplines of sustainable value are integrated into a management process that executives can use in their organisations to discover and create sustainable value in a step-by-step approach (Laszlo, 2008):

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 to 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 and secondary stakeholders (see e.g. Clarkson 1995; Waddock 2006).

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 organization day to day.

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 business partners, engaging non-business partners).

2.2 Environmental management systems and standards

Current political trends and scholarly research increasingly promote collaborative and participatory governance in multi-level systems as a way to more sustainable and effective environmental policy. Participatory and multi-level, scale-adapted governance are current responses to lacking effectiveness of environmental policy in Europe and other modern democracies.
Environmental policy in Europe and elsewhere has been suffering from a lack of effectiveness (Jordan, 2002; Knill & Liefferink, 2007). As a response, two key strategies have been proposed

and partly pursued: (1) to adapt the level and spatial scale of governance to that of the environmental problems; (2) to enhance participation of non-state actors in environmental decision-making. In order to effectively respond to environmental problems, it has repeatedly been proposed to adapt the scale of governance institutions to that of the environmental issue (Young, 2002). Increasingly, functionally specific governance institutions on natural spatial scales are being marshalled (Hooghe & Marks, 2003). For instance, the EU Water Framework Directive (2000/60/EC) mandates river basins as the relevant unit for planning, management and protection of inland waters. To date, a high number of vertical, horizontal and, across these, task-specific levels of governance exist in Europe. Thus, environmental governance has become a highly complex system of decision points (Meadowcroft, 2002). An important aspect of governance – as opposed to government, and of multi-level governance in particular, is the participation of non-state actors in decision processes on the different levels of governance (Bache and Flinders, 2005; Papadopoulos, 2007). In this context, a stronger decentralization in policy implementation is advocated (Jordan, 2002). Prominently, the European Commission's White Paper on Governance (2001) and the report by the Mandelkern Group on Better Regulation (Mandelkern Group, 2001) represents stimulating impulses for the architecture of European governance. In the light of increasing policy implementation gaps (Jordan, 2002), these documents develop criteria for 'good European governance' and marshal novel procedures for 'better regulation', including extended stakeholder consultations. In the field of environmental policy, in particular the inclusion of non-stake actors in policy-making achieved prominence thanks to four EU directives pushing forward more collaborative forms of governance: for example, the Water Framework Directive (2000/60/EC) and the Public Participation Directive (2003/35/EC). Drawing on the academic literature (Steele, 2001; Pellizzoni, 2003), participatory governance is expected to contribute to improving the 'quality' of decisions by incorporating locally held knowledge and by opening up the political arena for environmental interests. Further, it is argued that the inclusion of stakeholders increases the acceptance of decisions and thus improves compliance and implementation on the ground (Schenk et al., 2007). Based on these prerequisites, participatory and collaborative forms of governance are expected to lead to more effective improvements in environmental quality (Newig, 2007; Dietz & Stern, 2008). This is typically expected with environmental problems characterized by increasingly complex spatial interrelations of societal and ecological processes (Meadowcroft, 2002; Young et al., 2006). Of particular interest is the hitherto most comprehensive case survey by Beierle & Cayford (2002), who analyse 239 cases, albeit with considerable methodological shortcomings. We need to know which types of decision-making processes – multisectoral collaboration, hierarchical planning, command and control regulation, or market-based mechanisms – perform best in terms of environmental outcomes' (Koontz & Thomas, 2006 and Rauschmayer et al., 2009).

A particular challenge for research (and practice) arises from the fact that the question of (civic) participation is invariably connected to the issue of governance level, because participation is always carried out on a particular – typically local or regional – level. For instance, the perceptions and preferences of citizens and interest groups are presumably not neutral regarding the spatial distance to environmental resources or problems, neither is the engagement of actors neutral regarding the level of governance (Koontz, 1999). Although it is plausible to assume that there is unexpected potential and fundamental contradictions embedded in the relationship between participation and multi-level governance, this has not yet been the subject of scholarly attention (except by Warleigh, 2006).

Environmental management systems (EMS) were developed as a response to pressure to show the environmental performance. The EMS emerged as a mean to ensure compliance with

regulations and to respond to societal concerns related to environmental incidents. EMS is that part of the overall management system, which includes the organizational structure, responsibilities, practices, procedures processes and resources for determinateing and implementing the firm's overall aims and principles of action with respect to the environment. Environmental management bears many resemblances and is often harmonised with the quality management. Environmental policy should be planned, implemented, checked and corrected if necessary and finally reviewed. In this way firms aim at continual improvement of the system in order to ameliorate environmental performance (Kolk, 2000). An EMS consists of different elements, according to the cycle of plan, do, check and act, which, if followed constantly, leads to continuous improvement. As the design in implementation of an EMS requires considerable time and effort, the process will only start if management is committed. Managers should communicate their support to the whole organization and emphasise that they aim to improve environmental performance.

2.2 Responsible competitiveness

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 originally 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 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 & Mulej (2008). Creativity matters do not tackle only the innovation of products, services, and work processes, but also include 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 social responsibility 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.

2.4. Effects of Corporate Social Responsibility on Consumer Behaviour

In a business world characterized by an 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. It especially (Marin et al., 2009) shows that CSR initiatives have influence on the 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). 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 & Siegel, 2000; Margolis & Walsh, 2003; Orlitzky et al., 2003; Rubbens & Wessels, 2004). Page & 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 & Kramer, 2006). Fair Trade is now part of a wider and complex ethical consumer movement that demands socially and environmentally sustainable production processes (Low & Davenport, 2006). Fair trade is considered one of the best examples of how the economy can be based upon solidarity and sustainability.

3. Succesfull implementation of TRM (environmental management) - Gorenje Group

3.1. Problem definition

Problem - The main researches on Corporate Social Responsibility have not included synergies between Total Responsibility Management (including environmental management) and Total Quality Management into corporate strategies. CSR and sustainable development have to be measured.
Hypothesis: Total Responsibility Management (including environmental 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) - Head of the department of environment and health and safety at work, has been interviewed. Furthermore, the Gorenje Group internal data have been included.

3.2 Research questions

The questions are following this aim: Is TRM/CSR included in your corporate culture, values and strategies? How does your company put TRM/CSR, especially ecological management, into practice and explain the leadership commitment? What is the context and why is special attention paid to environmental management? Which environmental-management encompassing dimensions have already been included in your strategies? Which TRM/CSR, especially environmental-management indicators, are introduced in your company and how it is measured –

examples? What are the main commitments and goals of Gorenje Group regarding TRM/CSR – environmental management and environment protection? Why are EMAS and good working conditions so important for your company? What are your expectations, successful outcomes and will 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 people to consume more sustainably? What does Gorenje Group do to encourage sustainable behaviour of the consumers? What can government and communities do to encourage and enable more successful environmental/sustainable management, sustainable production and consumption?

3.3. Research findings in general

Gorenje Group wider 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 the 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, to adopt Group sustainability-related directives and to decide on key initiatives. A corner stone in the implementation of these decisions is the Environment & Sustainability Department, The subgroups and service companies have established effective management systems for health, safety, environmental protection and quality (HSEQ). Rules governing health protection and workplace safety are particularly important and have thus been adapted. 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; 2) responsibility to users of products and services; 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 health protection)

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. In 2008 the parent company trained a total of 4,541 staff, which represents a share of 86.5 percent of all employees. 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. Measuring of organizational climate and employees' satisfaction 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". Simultaneously, it is checked how employees follow the instructions for treatment and behavior at the time of absence from work. 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 introduce a system of employment quotas for the disabled in Slovenia Gorenje Group operates in accordance with the requirements of occupational health and safety contained in standard OHSAS 18001 (Occupation health and safety management systems).

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. Gorenje has ensured the level of information also by the weekly 'Black on white', and the sporadic journal 'Point on G'. Gorenje Group has done a great deal of organization and management on employee's welfare.

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). 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 environmental-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.

3.6. Responsibility to close and wide social environment

Gorenje Group has built up its reputation also by contributions to various activities. Company's own activity plays an important role in social activities in the area of culture, health care and humanitarian activities, sports sponsorship and recreational activities for a wide society, stimulate employees and their families to pay more attention to healthy way of life and useful

spending of free time. Employees are also encouraged to become members of the Recreational Society Gorenje that receives some funds. Gorenje Group has also supported 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).

3.7. Responsibility to the natural environment

In Gorenje Group, protection of the environment is at the heart of short-term and long-term policies and goals and it is also an important part of the corporate culture. Hence, Gorenje was awarded the ISO 14001 standard for environment protection as early as ten years ago. Furthermore, company operations were adjusted to meet the requirements of the EMAS regulation in 2003. Today, Gorenje Group sees environment protection not only as an obligation, commitment and self-evident responsibility, but also as a source of numerous new business opportunities.

Gorenje invests between EUR 40 and 50 million annually into updating its technology and developing new products. In all segments of its operations and investments related to environment protection, the investments are deliberately planned to exceed the legal requirements. In addition to design and functionality, one crucial aspect of developing new products is in compliance with the requirements of ecological design which takes into account the entire life cycle of a product, from development, manufacturing, operation, to disposal. Furthermore, energy efficiency is one of the key strategic goals when developing new technical solutions, both for products and manufacturing processes. All new products are developed in a way that makes them environment-friendly, as they are made using environment-friendly technological procedures and materials, and as they consume less power, water, and detergent. These appliances rank among the most cost-efficient household appliances in the market. They reach and exceed the highest energy classes required by European standards. The noise that they emit during operation is minimal.

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.

Statement of the credibility of environmental data – 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. 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.

In the field of environment protection, Gorenje is in the apex of European industry, both with regard to appliance development and management of technological procedures. One proof there of is the Advance Project survey conducted by a group of independent research institutes from several European countries, which ranks Gorenje as third in Europe by efficient environment protection management.

Advantages of contemporary technological solutions for an environmentally conscious user
 Contemporary consumers are increasingly aware that price and appearance can no longer be the sole criteria for decisions regarding the purchase of a household appliance; product's impact on the environment should also be considered as a major aspect. Every household consumes a lot of power to provide a good and comfortable life. Gorenje is a company ranked among the best manufacturers of modern appliance for the home. The awards contributed to the competitivenss of the Gorenje Group. At the same time we have to mention the institute of ecological research ERICo (has been a part of the Gorenje Group), which is among the winners of the European Regional Champions Award 2008.

In 2007, the German Institute of Applied Ecology Öko-Institut E.V. from Freiburg, ranked Gorenje's refrigerator RB 4139W on the first place on its scale of ten best appliances according to the Eco Top Ten initiative. The EcoTopTen list only features appliances that meet the criteria of A++ energy efficiency class, which means up to 45 percent of savings in power consumption. With this recommendation, Gorenje met the most stringent criteria of the EcoTopTen initiative in the field of household appliances for the third time. Upon this foundation – clear vision of environment management and the most cost-efficient refrigerator in Europe in its category – Gorenje was nominated for the award of Ecology-Oriented Company 2007.

Eco Family initiative - To commemorate the Earth day Gorenje presented for the first time the Eco Family initiative to the public. The aim of the initiative is to motivate individuals to change their wasteful habits, to introduce energy-efficient technology in their homes and to seek alternative options. By establishing the Eco Family initiative, Gorenje is extending the framework of thinking about the agents of efforts for a cleaner environment; in addition to asking what I can do as an individual or employee, it seeks to answer how we as society can contribute. Two books entitled Ecofamily – Environmentally Friendly Operation in Order to Preserve the Planet and Ecofamily – Help the Planet with the Informed Behaviours, have been published within the initiative of the Eco Family.

3.8. Environmental and occupational health and safety policy

Environmental protection and providing for safe working conditions belong to basic rights, obligations and responsibilities of all employees and are treated as a constituent part of company's management. Gorenje Group is committed 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.

3.9. Conclusions concerning environmental management

The basic principles for implementing CSR (concerning environmental management) are a fair and equal consideration of employees, ethical and fair business operations, observance of the 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.

ADVANCE assesses the environmental performance of 65 European companies from the manufacturing sector with the Sustainable Value approach. By using the environmental data that is available in the market today, ADVANCE provides a transparent and meaningful assessment of the environmental performance of 65 European companies in monetary terms. At the same time the experiences of the ADVANCE project show that there is an urgent need to improve the quality of corporate environmental reporting considerably and on a large scale. More standardised and higher quality environmental data and reports are an important prerequisite for applying the Sustainable Value approach to a larger number of companies.

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 Gorenje Group, 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 environmental 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 environmental management into strategies, which includes the permanent measurement (sustainable indicators) to the stakeholders.

Moreover, Gorenje Group, as a 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 environmental 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 environmental 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.

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