



Sustainability and sustainable development

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Editor



eISBN 978-83-8211-074-6

<https://doi.org/10.18559/978-83-8211-074-6>



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Poznań 2021



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6.

SOCIAL RESPONSIBILITY AND QUALITY: ISSUES OF COMPETITIVENESS AND SUSTAINABLE DEVELOPMENT



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Abstract: It can be stated that quality is a multifaceted concept, and it makes the difference between any perceivable or conceivable entities visible. The meaning of quality has greatly changed over the years, its content has expanded and quality has become the most important single factor for success. Therefore, it is no exaggeration to say that “quality means business”. However, quality, as it will be seen, means much more than that. Corporate Social Responsibility and the service of Sustainable Development Goals have become part of organisational quality. Nonetheless, without innovation, there is no quality or competitiveness, thus, there is no business either.

This is the 21st century, which, according to Joseph M. Juran, will be the century of quality. It is important to note that companies are not just economic units or merely market participants, but also social factors and entities influencing the environment. For this reason, compliance with social norms and ethical expectations is also an important aspect of their operation. To meet the expected and latent needs of customers and users, and also the requirements of society as well as the natural environment in a way that all stakeholders are equally satisfied is a fundamental issue for companies, today and even more so in the future.

The main purpose of this chapter is to discuss how quality should be understood, and what the relationships between the issues involved are. In the chapter, it is argued that quality, Corporate Social Responsibility, innovation, competitiveness and sustainable development are interrelated concepts. Therefore, it is the further purpose of this chapter to discuss how social responsibility and innovation affect quality, and how quality contributes to competitiveness and sustainable development.

In this chapter, quality issues are dealt with from different aspects. In the first part, the concept of quality is presented, which deals with the evolving notion of quality and the future of quality in light of social responsibility. In the second part, complexity issues and emergences are introduced, while quality is discussed as an emergent property, and the role played by social responsibility and environmental concerns in competitiveness and sustainable development are explained, and furthermore, innovation from quality and responsibility perspectives are examined.

Keywords: competitiveness, Corporate Social Responsibility, innovation, quality, sustainable development.

6.1. Understanding quality and its relation to social responsibility and sustainable development

The concept and meaning of quality

As already mentioned, quality has become an essential factor for the competitiveness of enterprises. Companies should keep up with customers' expectations, as their needs continue to grow and evolve, thus, they require products and services that are better, brighter, faster, cheaper, and so on. In addition, other stakeholders as well as their needs and interests have emerged and require being recognised and fulfilled. Therefore, quality and its management have become a central issue in the operation of companies, and as a result of which, the performance of the organisations, the quality of their processes, products and services can be continuously and significantly improved. At the same time, it is important to emphasize that companies need to integrate into the social division of labour, while they are meeting the growing needs of customers and other stakeholders in a more competitive way than other businesses.

Quality is a well-known and frequently used term, however, it can be stated that it is interpreted by many, in various ways, hence, there are several interpretations of the concept of quality. Answering the question of "What is quality?", is not an easy task. Quality is a multifaceted concept that can be approached from multiple directions. For example, if we look at what is written about quality in dictionaries, we find the following: "the standard of something when it is compared to other things like it", "how good or bad something is" (oxfordlearnersdictionaries.com), "a characteristic or feature of someone or something" (dictionary.cambridge.org). According to the traditional interpretation of quality, products and services must meet the needs of their users. Similar definitions are, for example: "fitness for use" or "conformance to requirements".

The difficulties and slipperiness of defining quality are well-illustrated by the 5 approaches to defining quality described by Garvin (1984), which represent different interpretations of the concept of quality: 1) transcendent, 2) product-based, 3) user-based, 4) manufacturing-based and 5) value-based. Each approach represents an aspect of quality with various meaning of the concept of quality. According to Fields, Hague, Koby, Lommel, and Melby (2014), each aspect provides only a limited view of quality, thus, in order to obtain a comprehensive view of quality, one must employ all approaches.

There is an increasingly widespread and broadly implemented definition of quality, defined by the ISO 9000:2015 standard as follows: the "degree to which a set of inherent characteristics of an object fulfils requirements" (ISO, 2015a). According to Antilla and Jussila (2017), this definition refers to the needs and expectations of all parties concerned, and with this definition in mind, we can consider the quality

of an organisation as a whole, on the one hand, and the quality of the entities being exchanged between the organisation and its stakeholders on the other.

Another example of the definition of quality is given by Narayanan Ramanathan, who argues that the concept of quality needs to be reinterpreted within the context of the environmental and social problems, as well as challenges facing the globalised world. Based on the Brundtland Commission's definition of sustainable development, Ramanathan (2015) proposed the following definition of quality: "Fulfill stated, implied and latent needs of customers in a manner that preserves the earth not only for future generations of humans but for all living things".

We may conclude that there is no single or everlasting definition of quality accepted by all. But regardless of which definition we accept, and irrespective of the context in which it is used, as Dale (2003) points out, it usually distinguishes one organization, event, product, service, process, person, result, activity, or communication from another.

The evolving notion of quality

The concept of quality has broadened and it needs to be reinterpreted accordingly. Initially, quality was primarily related to the product, the quality of the product was at the centre, but in the course of social and economic development, the concept of quality expanded to include all aspects of organisational operation, therefore, quality became a system-level concept.

Through the processes and changes taking place in the world, the concept of quality is also changing. For that reason, the meaning of quality necessarily changes over time. Shiba et al. (1993) distinguished 4 phases or levels of development in the evolution of quality. Briefly, they are as follows:

- 1) "fitness to standard", i.e., conformance to the specifications;
- 2) "fitness to use", i.e., meeting known customer needs, satisfying the customers' requirements;
- 3) "fitness of cost", that means achieving customers' requirements at low cost, otherwise maintaining high-quality or increasing quality while reducing costs;
- 4) "fitness to latent requirement" (delighting the customer), that is compliance with the latent needs of customers, which means anticipating customers' needs, even before they are aware of them.

Almost 30 years ago, in connection with the further development and expansion of the concept of quality, with great foresight, Shoji Shiba, Alan Graham, and David Walden gave some hints on the possible direction regarding the evolution of quality. In accordance with the rapidly changing world, they found it very likely that the concept of quality will continue to evolve and expand. The authors mentioned 2 dimensions or levels of quality that are now becoming more widespread

and obvious, such as: 5) “fitness to corporate culture” and 6) “fitness to societal and global environment” (Shiba, Graham, & Walden, 1993).

These “fitnesses” (or “conformances”) can be considered as the 5th and 6th levels of quality evolution. According to this, companies are increasingly making decisions about their operation and promoting themselves based on their corporate (organisational) culture. While there is also an increasing pressure on companies to improve the working environment of their employees and the environmental compliance of their products as well as manufacturing processes. This leads to an interpretation of quality that incorporates the needs of the natural and broader social environment in which the customers exist and live. Thus, according to today’s interpretation of quality, environmental considerations and social responsibilities are part of the concept of quality. In this regard, commitment to environmental and social sustainability or to the environmental and social aspects of sustainable development are critical success factors for businesses.

Quality-oriented companies must be aware of, and address all fitnesses. This is because companies must take the different levels of quality into account, and in order to maintain and improve their competitiveness, the different fitnesses need to be integrated into their operations, which gives them the opportunity to distinguish themselves from others and gain competitive advantage over their rivals. The evolution of the concept of quality is, in fact, a continuous response and adaptation to the growing expectations of the society. In order to improve their competitiveness, companies must consider all the fitnesses that they should implement in parallel with regard to their operation. Companies that operate at a higher level in terms of various fitnesses, are able to adapt successfully (Shiba et al., 1993).

Similarly to the above, the change in the interpretation of quality is also represented by the concept of so-called “little q” and “big Q”. The “little q” describes quality in a narrower sense, it basically focuses on product quality, and it sees quality as a technological or production problem. In contrast, “big Q” interprets quality in a broader sense, with a management focus, seeing quality in a more comprehensive and systematic way. According to West and Cianfrani (2018), “big Q” can be defined “as strategically managing quality in all business processes, products and services as they relate to all relevant interested parties”. It is important to emphasize that these 2 approaches to quality are not mutually exclusive, but rather complementary to each other. The “big Q” concept includes the “little q” that focuses on product quality, and also includes organisational culture and also the consideration of stakeholders’ expectations. As Cianfrani, Sheps, and West (2019) point out, the “big Q” represents a culture that addresses not only the product quality, but also that organisational. The goal is to achieve customer and other stakeholder satisfaction. If an organisation wants to remain competitive, it must meet the needs and expectations of all stakeholders. Within the context of changes taking place around the world, Saco (2008) introduced another approach

to the interpretation of quality, which he called the “really big Q”. In Saco’s view, the discourse on quality should be extended beyond product quality and quality management to issues related to sustainability and responsibility. This needs to be done so at a higher level, not just at the level of organisations or firms. This brings us to quality at the level of entire social system, where issues such as global warming, business ethics, ecosystem services, sustainable development or reciprocity, are addressed. The 3 approaches to the concept of quality (“little q”, “big Q” and “really big Q”) are complementary and reinforce each other, and thus, ensure the value that organisations can provide to stakeholders. In the course of the evolution of quality, the concept of quality has changed radically from the quality of products and services, through the quality of management, to the quality of life. It can be seen that the concept of quality has broadened in scope as it has evolved over time.

The future of quality

In the study published by the American Society for Quality (ASQ) in 2011, 8 factors were identified that will have significant influence on the future of quality in coming years. The identified forces of change that will shape the future of quality are as follows: 1) global responsibility, 2) consumer awareness, 3) globalisation, 4) the increasing rate of change, 5) the workforce of the future, 6) aging population, 7) 21st-century quality, and 8) innovation.

Global responsibility represents an increased awareness of social responsibility and global implications of local decisions. Global responsibility means an ethical mindset and behaviour at all levels of society (e.g., governments, corporations, NGOs, families and individuals) in which stakeholders increasingly understand the meaning of responsibility and are committed to enforcing it.

In the ASQ (2011) study, it is highlighted that in previous ASQ research on the future of quality, “environmental sustainability” was added to the list of key factors shaping the future of quality in 1999, while “environmental concerns” and “social responsibility” were included as key factors in 2008. These issues were raised to a higher level by introducing the concept of so-called “global responsibility” in the 2011 study. All this relates to the growing understanding of the relationship between individual and organisational decision-making and the sustainability of this planet. As a result, stakeholders have become increasingly aware of organisations’ negative impact, and the commitment to social and environmental responsibility has become an imperative for organisations. Within this context, it is concluded that this has become essential for organisations to examine the potential consequences of their decisions on consumers, customers, employees, communities and the environment, as stakeholders’ expectations go far beyond the quality of products and services,

with increasing attention paid to social and environmental influence created and generated by the organisations (ASQ, 2011).

The former is supported by the 2009 report of the Conference Board Quality Council. In the research report on the future of quality, it is noted that quality remains a key factor in maintaining the competitiveness of companies, while several trends and circumstances are forcing companies to redefine and communicate their values in order to keep pace with market needs. In the report, it is pointed out that today, a perfect product or service is no longer enough, which is actually a supposed requirement for success in the market. Quality is thought to be embedded in corporate processes and is taken for granted in several cases. At the same time, the environment in which quality must be achieved has changed dramatically. The world is transforming at an accelerating pace, and economic, social and environmental processes and contexts require greater understanding. In connection with these, the Conference Board Quality Council identified 4 primary trends that affect quality today and in the future. These trends are: 1) globalisation, 2) customer sophistication, 3) talent management and leadership issues, and 4) environmental concerns and social responsibility. These trends reflect the 8 forces of change that are shaping the future of quality as reported in the 2011 ASQ study.

The new dimension of quality requires professionals to go beyond previous approaches and practices. In order to adapt to the challenges posed by trends that affect organisational strategies and business results, they need to further develop their operations, especially in the field of strategic thinking. The report allows to emphasize the following with regard to environmental concerns and social responsibility. Environmental concerns are part of a larger trend toward Corporate Social Responsibility. In this context, the concept of “doing well by doing good” is becoming imperative for all organisations to incorporate in their business operations. It is highlighted that it is not just good citizenship but also, Corporate Social Responsibility drives bottom-line results which embrace growth and profit. Consumers are more and more frequently requiring companies to take reasonable steps to save our planet if they are to buy their products and services. In this respect, responsible corporate practices and behaviour greatly affect purchasing decisions (Gutner & Adams, 2009).

Regarding the evolution of quality, it can be said that quality has come a long way, from being an aspect of product to the quality of the enterprise itself. In connection with the future of quality, the 2011 ASQ study states that “whatever quality is today, it would surely evolve in response to the constellation of forces it joins in shaping the future” (ASQ, 2011).

In an essay, the Japanese quality guru Noriaki Kano emphasizes the importance of understanding the needs and expectations of stakeholders, while highlights the need for offering products or services that take into account not only the customer

but also the environment. In terms of quality, products and services are needed that consider the interactions between the organisation and its environment, given the expectations of consumers and the environment, in order to achieve development that does not leave a negative legacy for future generations (Kano, 2005).

The above are exemplified by the quality policy of Hungary's largest agricultural and food company (Table 1), which summarizes the stated intentions and directions of the company's top management related to quality and serves as a basis for defining the company's quality objectives. The main message of the quality policy is that the company declares its social responsibility and commitment to meet the needs and requirements of stakeholders. Acting and behaving in accordance with the intentions and directions included in the quality policy can contribute to an increase the competitiveness of the firm and to the promotion of sustainable development.

Table 1. Quality policy of the Bonafarm Group

Bonafarm Group as the largest food and agricultural group in the country, is committed to fulfilling the needs of its customers, consumers and other business partners at the highest level.
From farm to fork, we provide advanced technology and innovation for the food production, in order to be sure that only safe and excellent quality products are delivered to our customers and consumers.
Our operation complies with all the relevant national and international regulations, which are the fundamental guiders of our activities.
In our conviction, the respect of traditions, social responsibility and the protection of the environment are equally important.
Through our operation, we provide the conditions for sustainable development, we take responsibility for the environment and all values, resources that we use or hand on further.
The expectations for corporate and personal behaviour are incorporated in the Group's Code of Ethics.
We provide all our employees across the value chain with up-to-date knowledge, to achieve our goals through regular teaching and development.
The top management of the Bonafarm Group and its strategic partners is committed to developing and maintaining quality management, food safety and an environmental management system. We will carry out the requirements of the systems by setting an example and fully engaging every employee at all levels of the organisation.
Our quality policy applies to all Bonafarm Group and its strategic partner members and locations.

Source: (<https://mcs.hu/wp-content/uploads/2018/02/qp.gif>).

In conclusion, it may be stated that the evolution of quality actually represents the path towards sustainable development, but it could also be said that the essence of the path to sustainable development is expressed by the evolution of quality.

6.2. Creating quality through innovation to promote competitiveness and sustainable development

Complexity and emergence

In the previous section, we could see that social responsibility is becoming an increasingly important aspect in the adaptation process of businesses.

If we accept the proposition that the evolution of quality represents the path to sustainable development, then we can say that social responsibility is one aspect of this evolutionary process in which companies are making efforts to provide added value to a wider range of stakeholders while taking the integrity of the environment and the whole ecosystem into account. Assuming that development means an increase in complexity, it becomes apparent that the relationships between entities are more and more appreciated. The point is that the properties of the whole cannot be deduced from its parts alone, because something new is created through interactions between them.

Due to the interactions between the parts of the system, the behaviour of the parts changes, and as a result of which, the whole system behaves differently than without interactions (Náray-Szabó, 2006). All this makes us think about the interactions between the components, the interrelation of the whole and its parts, the relationships between parts and the whole, the complexity, and the creation of new quality. Understanding and managing complexity requires a systemic approach.

It is greatly probable that everyone has heard the saying—“the whole is greater than the sum of its parts”, which mathematically, is untrue. However, the situation is quite different in the case of social systems. According to La Porte’s (1975) definition, the degree of complexity with regard to organised social systems is determined by the number of system components, their variety or differentiation, as well as the degree of interdependence among these components. Thus, the greater the number and differentiation of the components and the degree of their interdependence, the greater the complexity. In complex systems, as a result of the interactions between parts, the behaviour of the parts changes in such a way that the whole system follows a qualitatively new pattern of behaviour that differs from the properties of the parts (Vicsek, 2003). This behaviour of a system is called emergence, which occurs (emerges) when the component parts interact as a whole. The appearance of this behaviour in a system is the result of the interactions between the component parts.

Each system is characterised by internal relations among its parts and by the external relations with other systems. The development, as noted above, is realised through relations and interactions. From these relations, new and, in some cases, very special and unexpected features and qualities originate. These properties cannot be attributed to any or the sum of the relating parts. They are called “emergent

properties” (Conti, 2009). We are surrounded by many emergent properties, just think of life, consciousness, friendship or love. What these properties, behaviours or qualities have in common is that they emerge only when the parts interact in a wider whole. Thus, the entity (a system) has such properties its parts do not have on their own. Then, the claim that “the whole is greater than the sum of its parts” becomes true.

Quality as an emergent property

Organisational excellence is also an emergent property. As such, it originates from relations more than from individual attributes or from the technology used. If that is true, leaders who strive for excellence should consider it their first and most important responsibility to create, promote and encourage the creation of relations capable of generating outstanding value (Conti, 2009). In this way, the relations and interactions with stakeholders, the emergence of a stakeholder network, the nature and dynamics of the relationship between a company and its stakeholders, are extremely important factors in the value creation process. Therefore, the role of systems approach in managing for quality is evident.

The above allows to draw attention to the fact that the individual entities and actors are not independent of each other, they are part of a wider whole as they interact with each other and can all have impact on development. As stated in the ISO 9000:2015 standard—“An organization focused on quality promotes a culture that results in the behavior, attitudes, activities and processes that deliver value through fulfilling the needs and expectations of customers and other relevant interested parties.” In the standard, the “ability to satisfy customers and the intended and unintended impact on relevant interested parties” is emphasized, being decisive factors in the quality of an organisation’s products and services. The standard also allows to highlight that the concept of interested parties or stakeholders goes beyond focus merely on the customer, stakeholder identification being part of the process for understanding the organisation’s context. It is of paramount importance for organisations to gain and retain the support of stakeholders, on whom the success of the organisation depends (ISO, 2015a).

The relationship of companies with the natural environment has long been rather one-sided: companies have exploited natural resources, and in many cases, they become the cause of negative environmental impact. In recent decades, however, significant changes have taken place in this domain, which can be traced back to the recognition of limitations in natural resources and the strengthening of social responsibility. According to the concept of responsible company, a business has a social responsibility and it rationally decides on morally acceptable alternatives (Chikán, 2000).

According to this view, it is significant to consider all relevant stakeholders and their interests must be taken into account in decision-making. This is the so-called stakeholder approach, which assumes that companies are not isolated entities or systems, but are embedded in a social context, and therefore, they can only achieve their goals if they meet stakeholders' requirements and expectations. Who are the stakeholders?—we may ask. In this regard, the stakeholder is an entity that can influence the operation of the company and/or has a specific interest in the outcomes of that company. In other words, as defined by the standard, an entity “that can affect, be affected by, or perceive itself to be affected by a decision or activity” (ISO, 2015a).

The range of stakeholders can be quite broad and varied, and they can be grouped on the basis of several aspects (see, for example, internal and external, or actual and potential stakeholders). In a traditional sense, stakeholders include individuals or organisations, such as customers, owners, shareholders, and competitors. However, this is limited to a narrow circle of stakeholders. Entities, in a broader sense, can refer to individual citizens, organisations, businesses, groups of people, systems, ecosystems, or even members of future generations. From a broader perspective, it can be seen that stakeholders also include entities that are unable to represent their interests during deliberations on impact. These entities are called quiet or silent stakeholders. Such a quiet or silent stakeholder could be, for example, a vulnerable environment, an ecosystem or species, and even members of future generations who are clearly unable to represent their “interests” in human decision-making processes. According to Schienke (2020), to ensure that the outcome and impact of actions do not adversely affect stakeholders, a comprehensive stakeholder analysis is required, which includes representations of entities that cannot represent themselves.

This approach connects the company with the stakeholders, which can give companies a competitive advantage as long as they contribute to meeting the expectations of the stakeholders, thus ensuring long-term successful operation. Social responsibility is, therefore, an important aspect of maintaining corporate competitiveness, which requires companies to be able to continuously manage their internal and external relations, perceive changes and adapt to them in a responsible and timely manner.

Responsibility, competitiveness and sustainability

Chikán (2008) defines firm competitiveness as “a capability of a firm to sustainably fulfill its double purpose that is meeting customer requirements at profit”. This capability is realised through offering goods and services on the market which customers value more highly than those offered by competitors, while complying with social responsibility requirements. In its Green Paper titled *Promoting a European framework for Corporate Social Responsibility*, the European Commission (2001) also

highlighted the positive link between socially- and environmentally-responsible corporate behaviour and competitiveness. All this is confirmed by several commentators in the literature. According to Nagy (2014), CSR is definitely good for business, as it generates a competitive advantage by incorporating non-economic factors into the activities of a company, thereby building image and respect, and changing attitudes and behaviour towards a positive direction among customers and employees. Furthermore, it can result in a win-win situation between the company and the community. Chikán (2000) adds that in communities with a developed social consciousness, pursuing moral goals can have a beneficial effect on profitability as ethical behavior is recognised by the community in market competition. Falck and Heblich (2007) argue that by strategically practicing Corporate Social Responsibility, a company can “do well by doing good”. In this regard, that means it can earn a profit while, at the same time, making the world a better place. It is a way for both companies and society to benefit and prosper.

Recognising the importance of Corporate Social Responsibility, the International Organization for Standardization (ISO) issued an international standard on social responsibility (ISO 26000:2010) in 2010, entitled *Guidance on social responsibility*. The standard aims at providing guidance to organisations striving for excellence to put CSR into practice. Accordingly, the ISO 26000 standard provides guidance rather than requirements, thus, it cannot be certified alike other ISO standards. Instead, it helps clarify what social responsibility is, and provides direction and recommendations on how any organisation can improve its social responsibility and thus, contribute to sustainable development.

In Kapussy's (2010) view, a fundamental attribute of CSR, i.e. socially responsible operation, is commitment to sustainable development. In other words, one of the most important responsibilities of a company is to accept the principles of sustainable development and organise its operations accordingly. In this regard, Simonyi and Zsótér (2020) propose an approach, the defining element of which is a longer-term outlook, meaning taking future generations into account. As it is stated in the ISO 26000 standard, “Sustainable development can be treated as a way of expressing the broader expectations of society as a whole” (ISO, 2010). According to Molnár and Balogh (2011), meeting social expectations is one of the most significant values of Corporate Social Responsibility. Castka and Balzarova (2008) argue that the role of ISO 26000 is to facilitate a shift from customer focus to stakeholder focus, hence, creating a business-to-society orientation in organisations.

This shift from a restricted scope focusing only on the customer's needs and expectations to fulfil the needs and expectations of all stakeholders leads to what is called quality of an organisation. This way CSR, Corporate Social Responsibility increases stakeholder satisfaction amid rising expectations, and it becomes a determinant factor of organisational quality, thus, contributing to distinguish companies from one another, and to promote competitiveness and sustainable development.

Responsibility and innovation

According to the ISO 9001 standard, adaptation of a quality management system in an organisation “can help to improve its overall performance and provide a sound basis for sustainable development initiatives” (ISO, 2015b). One of the 7 quality management principles described in the ISO 9000 standard is: improvement. Successful organisations place constant focus on improvement, which is crucial for an organisation to enhance its performance level, to respond to changes in its internal and external circumstances, and to create new opportunities. Quality improvement, as part of quality management, is a set of activities focused on increasing the ability to fulfill quality requirements (ISO, 2015a).

According to Anttila and Jussila (2017), quality improvement is achieved through learning and innovation. Organisational learning and innovation promote the organisation’s quality improvement activities and quality management system by enhancing the ability to anticipate and respond to the internal and external risks and opportunities in a way that enables it to fulfill its quality objectives (Anttila and Jussila, 2020), in other words, in a way that enables the organisation to create and deliver value for stakeholders. As stated by Anttila and Jussila (2020), in fact, “all innovations aim at quality improvement”. Within this context, it is argued in the ASQ (2011) that innovation and quality do not compete with each other, but in fact, complement one another very well. This is also supported by the opinion of Anttila and Jussila (2016), who argue that quality and innovation can be considered as partnering disciplines, “which can be useful to each other and together create organizational differentiation for competitive advantage”.

Innovation, as an essential tool for adaptation, contributes to the creation of greater social and economic values provided by organisations. It is important to emphasize that learning, innovation, adaptation, improvement and development are closely interlinked. Innovation requires knowledge, which presupposes learning, so as the continuous and coordinated development of various knowledge and capacities, while adaptation is provided by innovations, which enable organisations to perform at a higher level of quality, and to create social and economic values, as well as benefits.

The previously mentioned researchers’ opinions are in line with the Oslo Manual, in which it is stated that the “key components of the concept of innovation include the role of knowledge as a basis for innovation, novelty and utility, and value creation or preservation as the presumed goal of innovation” (OECD/Eurostat, 2018). According to the recently published ISO 56000, *Innovation management—Fundamentals and vocabulary*, an innovation occurs when a new or changed entity realises or redistributes value (ISO, 2020). Thus, innovation is about creating something new or an improved entity (e.g. product, services, process, model, organisation), that adds value through satisfying the needs and expectations of stakeholders. The

values that are added can be financial or non-financial, such as social or environmental benefits. Innovations can therefore create values for the stakeholders but, at the same time, they can generate negative effects and potentially undesirable impact on the environment and society. The implications of innovations, such as new or improved products, services or processes for society and the environment, are often difficult to anticipate. Dealing with these potential implications derived from innovations in a responsible manner, is key to bringing innovations to the market. This leads us to the concept of responsible innovation, which is about anticipating and evaluating ethical dilemmas and effects of unforeseen risks related to innovation.

Responsible innovation can be understood as an extension or expansion of Corporate Social Responsibility to the field of innovation processes and outcomes (COMPASS, 2020). The term “responsible innovation” is not included in the Oslo Manual or ISO 56000, but both emphasize the significance of understanding the complex set of factors influencing innovation and the way it affects our societies, anticipating and addressing their unintended consequences.

According to Von Schomberg’s (2013) often quoted definition, responsible innovation (or as it is often mentioned: Responsible Research and Innovation, RRI): “is a transparent, interactive process by which societal actors and innovators become mutually responsive to each other with a view to the (ethical) acceptability, sustainability and societal desirability of the innovation process and its marketable products”. This means, in order to fulfill the criteria of responsible innovation, both the innovation process and its outcome should meet the requirements of ethical acceptability, sustainability and societal desirability. A shorter but, at the same time, broader definition of responsible innovation is given by Stilgoe, Owen, and Macnaghten (2013). In their interpretation—“Responsible innovation means taking care of the future through collective stewardship of science and innovation in the present”. The British Standards Institution defines responsible innovation as “careful consideration of, and action to address, the potential impacts of introducing a new product, service, process or business model” (BSI, 2020). According to these definitions, companies innovating in a responsible manner strive for improving our common future by taking responsibility for, and constantly improving their current innovation practices.

Questions / tasks

1. How would you define quality?
2. What does quality mean to you?
3. What is the relationship between quality and social responsibility?
4. How does quality relate to sustainability?

5. Do you agree with the statement that quality plays a key role in ensuring competitiveness? Explain and justify your answer.
6. By what criteria do you judge the quality of a product, a service or an organisation?
7. Choose products with the same function from 2 or more companies and compare them in terms of various fitnesses. Make conclusions.
8. How do you interpret “little q”, “big Q” and “really big Q”? Give examples of these concepts.
9. What do you think are the most important factors influencing the future of quality? Explain and justify your answer.
10. Select a company of your choice and present its actual and possible social and environmental impact created and generated by the organisation.
11. Select an economic sector, company or product, and describe the components of quality in terms of requirements for success on the market.
12. What does the concept of “doing well by doing good” mean to you? What are your expectations in this specific case?
13. How does quality relate to value?
14. What does value mean to you?
15. Select a set of companies and compare their quality policy in light of social responsibility and environmental concerns. Examine how they perform in reality with regard to the above.
16. Select a company of your choice, then examine and present how successful it is in satisfying its stakeholders. Explain and justify your answer.
17. Give examples of how socially and environmentally responsible corporate behaviour can foster competitiveness.
18. In your view, what is the role of the company, the customer, and other stakeholders in value creation? How is the value generated?
19. What is the role of innovation in quality improvement? Give examples of successful innovations that improved quality in terms of social responsibility.

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