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TQM and CSR Nexus

Abby Ghobadian¹, David Gallear², and Michael Hopkins³

¹ Brunel Business School
Brunel University
Uxbridge
Middlesex UB8 3PH
United Kingdom
E-mail: Abby.Ghobadian@brunel.ac.uk

Abby Ghobadian is Professor of Management at Brunel Business School. His research interests lie in examining the reasons for heterogeneous organisational performance and how organisational performance can be improved. He has examined the effect of a variety of management practices on performance and productivity of organisations including the use of new soft and hard technologies, quality, benchmarking, strategic planning, strategic thinking, and leadership.

² Brunel Business School
Brunel University
Uxbridge
Middlesex UB8 3PH
United Kingdom
E-mail: David.Gallear@brunel.ac.uk

David Gallear is Senior Lecturer in Operations Management at Brunel Business School. His research interests focus principally on total quality management and business excellence, supply chain management with a specific interest in supply chain purchasing strategy, and the link between operations strategy and performance. He has a developing interest in sustainability issues in supply chains.

³ MHC International Ltd
CP22, 1211 Geneva 7
Switzerland
E-mail: mjdhopkins@mhcinternational.com

Michael Hopkins is CEO and Chairman of MHC International Ltd. This is a research and service company that specialises in social development issues for the public and private sectors alike. He is also a Professor at the Middlesex University Business School. He has published widely including *The Planetary Bargain – Corporate Social Responsibility Matters* and co-authored *Corporate Social Responsibility: Is There a Business Case?*

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Abstract

Purpose

The aim of this paper is to explore the similarities and differences between Total Quality Management (TQM) and Corporate Social Responsibility (CSR). Moreover, the paper considers the implications of these similarities and differences for the future development of TQM and CSR.

Methodological approach

Structured discourse analysis is used to systematically explore these two discursive subjects. Both concepts encompass discursive ideas and practices.

Findings

Our analyses suggest that the two concepts share similar philosophical roots, that there is a substantial overlap between the elements of the two concepts, and that the ultimate expected outcomes shows significant similarities. Despite these similarities however, implementation of TQM will not necessarily result in CSR.

Practical implications

Our findings lead to the conclusion that it is important to recognise the specific needs of CSR and include them as an implicit part of TQM. This conclusion has an important practical and descriptive theoretical implication and the extent to which CSR is diffused as a part of TQM depends on it.

Research implications

Our analysis highlights the need for the development of a descriptive theory, that is to say, the identification of the mechanism(s) through which elements of CSR could be developed and implemented alongside that of TQM.

Original/value

The question of the intersection between CSR and TQM has attracted the interest of other researchers. The majority of the previous work is normative. We contribute to this developing literature by adopting a systematic discursive approach using philosophy, elements of TQM / CSR process and outcomes as the framework for the analysis.

Keywords: total quality management (TQM), corporate social responsibility (CSR), TQM and CSR Intersection, discursive analysis.

Introduction

The quality movement dates back to the 1920s (Coopers and Lybrand and EFQM, 1994-5). For the first two decades the emphasis was on Quality Control and improving the process of technical inspection. The concept then evolved into Statistical Quality Control (SQC), Quality Assurance (QA), and Total Quality Management (TQM) (Garvin, 1988; Park-Dahlgaard, 1999). More recently in recognition of TQM's wide ranging strategic impact on all facets of the organisation and well beyond that of product / service quality the term business excellence has replaced TQM. In this paper we use the two terms interchangeably.

TQM is one of the most durable management innovations of the past three decades and it has been implemented world wide in service, manufacturing, private, public, large and small organisations (Ghobadian et al., 1998; Ghobadian and Gallear; 1996; Ghobadian and Gallear, 2001). Corporate Social Responsibility (CSR) on the other hand is a more recent phenomenon and dates back to the 1980s (Kok et al., 2001). However, CSR like TQM impinges on all facets of the business (McAdam and Leonard, 2003).

The issue that has interested scholars in the field of TQM and CSR is the degree of overlap between these two powerful and all embracing concepts. Clearly if the two concepts have a great deal in common then TQM with its greater penetration in organisations of all shapes and size can act as a key catalyst for developing CSR within the organisation (McAdam and Leonard, 2003). TQM is perceived as business friendly and compatible with the primary economic goal of business, namely maximisation of shareholders wealth (Ghobadian and Gallear, 1997), while it is possible for managers to reject CSR on the grounds that moral principles are incompatible with that of rational economic principles (Donaldson and Werhane, 1988; Ahmed and Machold, 2004). TQM successfully strikes a balance between profit seeking motives and doing the right thing in terms of respecting the interest of wider stakeholders (Ghobadian et al., 1998). Similarly CSR accepts the legitimacy of profit seeking motive, but it considers value based behaviour - for example, valuing people and the environment – as the root to sustainable performance (DallaCosta, 1998). Hence, TQM can play an important part in facilitating the wide penetration of CSR in a broad range of organisations.

Both TQM and CSR like strategy are discursive subjects (Oswick et al., 2000). They both encompass discursive ideas, concepts and practices. The purpose of this paper is to use discourse analysis and develop discursive conceptualisation of the common features of TQM and CSR in order to establish whether or not the two concepts can be merged and / or diffused through the same channel utilising similar strategies. In short we aim to: (a) identify similarities and differences between the two concepts; (b) establish what are the implications of these similarities and differences for the future development of TQM and CSR and if TQM can provide the channel for broad diffusion of CSR either as an integrated component of business excellence philosophy or as a diffusion model.

The term discourse is used to describe a broad range of approaches to organisational analysis (Grant et al., 1998). Traditionally discourse was viewed as a form of spoken dialogue and in contrast to written 'texts' (Sinclair and Coulthard, 1975). Today, however, it is widely accepted that discourse encompasses all forms of formal and informal spoken interaction, texts of all kinds, and a wide range of cultural artefacts (Gilbert and Mulkay, 1984; Potter and Wetherell, 1987; Hodge and Kress, 1988). Watson (1994:113) defines discourse as "a connected set of statements, concepts, terms and expressions which constitutes a way of talking and writing about a particular issue, thus framing the way people understand and act with respect to that issue". In its broader context, discourse analysis is a particular form of content analysis (Raymond-Alain Thietart et al., 2001; Neuendorf, 2002).

According to Knights and Morgan (1991) discourse is concerned with exploring a set of ideas and practices which condition our ways of relating to, and acting upon, particular phenomenon. We rely on this definition of discourse because in this paper we are concerned with discursive concepts and practices that construct the TQM and CSR domain. These discursive concepts and practices contribute to the way organisations behave and the process of organising that they utilise. Raymond-Alain Thietart et al. (2001) suggest that discourse analysis relies on two main strategies for collecting data: structured (or a priori) and non structured.

In this study we utilise the priori method because we are interested in examining if TQM and CSR domains overlap and in doing so we need to generate appropriate representation for each theme. This in turn requires selection of a set of concepts. According to Wood

(1991), CSR comprises of two interrelated but distinct dimensions – ethical anchor and instrumental activity. The ethical anchor is concerned with attitude towards ethical considerations and fulfilment of moral obligations to the society (Wood, 1991). It is behaviour based on normative and ethical considerations and consideration of stakeholders' satisfaction beyond that of owners of the organisation (Nakano, 1999). The instrumental dimension on the other hand is concerned with activities that facilitate ethical behaviour and enable management to reach a balanced position in relation to the stakeholders' voice (Carroll, 1996; McAdam and Leonard, 2003; Ahmed and Machold, 2004). Hopkins (2005) added a third dimension to this mix, that of outcome.

Ghobadian et al. (1998) used a framework based on three dimensions to analyse the concept of TQM. The three dimensions were: (a) values; (b) working methods; and (c) results. This is not too different from the framework proposed by Wood (1991) and Hopkins (2005). In this paper we adopt a three dimensional framework consisting of: (a) philosophy; (b) elements of TQM / CSR process; and (c) outcomes. This is because we have adopted an instrumental approach as the bulk of the research on CSR and TQM is implicitly based on the instrumental perspective (Jawahar and Mclaughlin, 2001; Ghobadian and Gallear, 2001).

TQM

Ghobadian and Gallear (1996:95) carried out a wide ranging and systematic analysis of the TQM concept and offered the following definition:

“TQM is a structured attempt to re-focus the organisation’s behaviour, planning and working practices towards a culture which is employee driven, problem solving, stakeholder oriented, values integrity, and open and fear free. Furthermore, the organisation’s business practices are based on seeking continuous improvement, devolution of decision making, removal of functional barriers, eradication of sources of error, team working, honesty, and fact based decision making”.

The validity of the above definition was tested as a part of the Delphi study reported by Gallear and Ghobadian (2004) and the results showed that it captured the meaning of TQM as it is practiced by its leading exponents. The above definition has an ethical underpinning

whilst reconciling human behaviour / social systems with that of system concepts of management. It also combines concern for economic performance with concern for broader issues. Finally, it contains a strong element of responsibility.

The following values underpin the TQM concept:

- convergence of the interests of employees, shareholders, customers, suppliers, and the wider society is an implicit aim (Kennerfalk and Klefsjo, 1995; Ghobadian et al., 1998; Prajogo and McDermott, 2005);
- emphasis on individual, collective and system honesty and integrity (Ghobadian et al., 1998; Nelson Joseph et al., 1999; Wicks, 2001);
- attaining stakeholder satisfaction is everyone's number one priority (Ghobadian et al., 1998; Samson and Terviovski, 1999; Wicks, 2001; Prajogo and McDermott, 2005);
- people are considered to be the key internal guarantors of success (Klein et al., 1995; Ghobadian et al., 1998; Oakland, 2004);
- management is responsible for creating an environment in which employees can perform to the best of their ability (Ghobadian et al., 1998; Ugboro and Obeng, 2000; Ho et al., 2001; Beer, 2003; Oakland, 2004; Prajogo and McDermott, 2005);
- the organisation is viewed as a chain of linked processes (Schonberger, 1994; Ghobadian et al., 1998; Samson and Terviovski, 1999; Wicks, 2001; Oakland, 2004; Prajogo and McDermott, 2005);
- the organisation pursues continuous improvement and not static optimization (Ghobadian et al., 1998; Samson and Terviovski, 1999; Wicks, 2001; McAdam and Bannister, 2001);
- the emphasis is on prevention rather than detection (Ghobadian et al., 1998; Oakland, 2004);
- interaction between employees, customers and suppliers are encouraged (Ghobadian et al., 1998; Wicks, 2001; Mehra et al., 2001; McAdam and Bannister, 2001; Oakland, 2004);
- fear is driven out of dealings within the organisation (Ghobadian and Galleary, 1996);

- mistakes are treated as a learning opportunity and the system encourages and allows employers to take responsibility for their own activities within an agreed framework (Ghobadian et al., 1998; Nelson Joseph et al., 1999; Samson and Terviovski, 1999);
- the supplier relationship is based on continual interaction, information sharing and collaboration (Ghobadian et al., 1998; Dow et al., 1999; Samson and Terviovski, 1999; McAdam and Bannister, 2001);
- mutual respect is the basis of all relationships (Ghobadian and Gallear, 1996);
- decisions are based on fact rather than opinions and consensus rather than edicts (Ghobadian et al., 1998; Germain and Spears, 1999; McAdam and Bannister, 2001; Oakland, 2004; Prajogo and McDermott, 2005);
- functional integration is actively pursued and encouraged (Schonberger, 1994; Ghobadian et al., 1998; McAdam and Bannister, 2001; Oakland, 2004); and
- openness is encouraged and pursued within and outside the organisation (Powell, 1995; Ghobadian and Gallear, 1996; Nelson Joseph et al., 1999; Wicks, 2001; Mehra et al., 2001).

TQM is a revolutionary management philosophy that requires radical and pervasive change within the firm (Grant et al., 1994). The strength of TQM lies in successfully combining the scientific / system-oriented school of management with that of the human behaviour / social system school of management. It relies on systems, but unlike the scientific school of management, it does not assume that people will fit into system. Therefore, in designing structures and systems, human emotions and needs are taken into account. The human behaviour / social system school of management unlike the scientific school is based on the premise that employees are essentially honourable; therefore, correction is replaced by cooperation. Employees are allowed to take initiative and participate in the decision making processes directly relevant to them and as such deviation from tightly defined rules does not result in sanction provided that there is no transgression against the organisational values. The organisation is viewed as a system of cultural interrelationships rather than a series of tasks, procedures and rules.

The work of the quality gurus suggests a strong link between the quality movement ideals / concepts and ethical theory based on the virtue, equity, rights, and liberty conceptualisation of ethics. In their work Crosby, Deming, Duran, and Ishikawa emphasise the importance of

commitment, integrity, participation, trust, honesty, ownership, and rewarding the effort of those directly and indirectly involved both within and outside the organisation (Ghobadian and Speller, 1994). Ishikawa (1985) stated that 'I am an advocate of quality control based on belief in people's goodness. If a person does not trust his subordinates and imposes strict control and frequent inspections, he cannot be a good manager. His control is based on the belief that people are by nature evil, and such a system does not work'. Similarly Taguchi (1986) argued that the cost of poor quality was a burden to the organisation concerned and the wider society. In his view waste depleted scarce resources jeopardising sustainable growth. According to the work of these gurus TQM values and upholds the highest virtues.

The second dimension of our discursive analysis is the elements of TQM. These are the key instruments that enable an organisation to strive towards becoming a TQM organisation. These are:

- promotion of values and principles of TQM (Saraph et al., 1989; Powell, 1995; Ahire et al., 1996; Ghobadian et al., 1998; Wicks, 2001; Prajogo and McDermott, 2005);
- open and participative management style (Powell, 1995; Ahire et al., 1996; Ghobadian et al., 1998; Samson and Terviovski, 1999);
- focus on meeting the needs of customers, employees, society, and owners (Powell, 1995; Ahire et al., 1996; Ghobadian et al., 1998; Mehra et al., 2001; Prajogo and McDermott, 2005);
- delegation of authority and responsibility to the lowest level (Ahire et al., 1996; Ghobadian et al., 1998; Wicks, 2001);
- harnessing the creative capability of employees through active participation (Saraph et al., 1989; Ahire et al., 1996; Ghobadian et al., 1998; Prajogo and McDermott, 2005);
- openness in terms of sharing and communicating information widely (Saraph et al., 1989; Powell, 1995; Ahire et al., 1996; Ghobadian and Gallear, 1996);
- two way communication (Saraph et al., 1989; Ahire et al., 1996; Ghobadian et al., 1998; Samson and Terviovski, 1999);

- human resource development (Klein et al., 1995; Powell, 1995; Ghobadian et al., 1998; Samson and Terviovski, 1999; Prajogo and McDermott, 2005);
- continuous improvement and learning (Powell, 1995; Ahire et al., 1996; Ghobadian et al., 1998; Samson and Terviovski, 1999; Wicks, 2001);
- teamwork (Klein et al., 1995; Ghobadian et al., 1998; Dow et al., 1999);
- focus on process rather than task (Saraph et al., 1989; Ghobadian et al., 1998; Wicks, 2001; Prajogo and McDermott, 2005);
- development of partnership with the key stakeholders (Powell, 1995; Ahire et al., 1996; Ghobadian et al., 1998; Dow et al., 1999; Mehra et al., 2001);
- eradicating sources of error and designing systems that make it difficult to make mistakes (Powell, 1995; Ghobadian et al., 1998); and
- empowerment of all employees to address problems and make decisions (Westbrook and Utley, 1995; Powell, 1995; Ghobadian et al., 1998; Nelson Joseph et al., 1999; Wicks, 2001; Prajogo and McDermott, 2005).

The evidence suggests that TQM can be used to develop an ethically sensitive corporate culture (Ahmed and Machold, 2004). Based on his experience as an MBQNA award assessor, Steeples (1994) detected a high level of correlation between ethics and quality apparent in both the company's action and the action of its employees. This is not surprising because successful introduction and practice of TQM requires close attention to, and more often than not modification of, organisational culture (Gallear and Ghobadian, 2004). It is generally agreed that the culture of an organisation is a function of its values, beliefs and behavioural practices (Hofstede, 1984; O'Reilly and Chatman, 1996; McShane, 1998) and that the influence of culture on an organisation is powerful and pervasive (Golden, 1992; Detert et al., 2000). There is also broad agreement that total quality management (TQM) is a management paradigm that propagates certain values, behaviour and working methods (for example Dean and Bowen, 1994). We have discussed the values, behaviour and working methods propagated by TQM and at the heart of these lie integrity, commitment, honesty, openness, respect, participation, ownership, and meeting the needs of a diverse group of stakeholders. The resultant cultural change is particularly important because as Boisjoly (1993) noted, ethical misconduct is usually not because of individual transgression but often the result of cultural failures and system breakdown.

The outcomes of introducing TQM are:

- improved financial performance (GAO, 1990; Wisner and Eakins, 1994; Coopers & Lybrand and EFQM, 1994-1995; Mohrman et al., 1995; Hendricks and Singhal, 1996; Ghobadian et al., 1998; Rahman, 2001);
- enhanced customer perceptions (GAO, 1990; Mohrman et al., 1995; Ghobadian et al., 1998; Rahman, 2001; Lagrosen and Lagrosen, 2005);
- improved operational performance (GAO, 1990; Mohrman et al., 1995; Ghobadian et al., 1998; Samson and Terviovski, 1999; Lagrosen and Lagrosen, 2005);
- narrowing of the gap between individual and organisational goals; (Harber et al., 1993; Morrow, 1997; Ghobadian et al., 1998);
- enhanced employee confidence (GAO, 1990; Coopers & Lybrand and EFQM, 1994-1995; Morrow, 1997; Ghobadian et al., 1998);
- enhanced self worth (GAO, 1990; Harber et al., 1993; Coopers & Lybrand and EFQM, 1994-1995; Mohrman et al., 1995; Morrow, 1997; Ghobadian et al., 1998; Samson and Terviovski, 1999);
- feeling more valued by the organisation (Harber et al., 1993; Mohrman et al., 1995; Morrow, 1997; Ghobadian et al., 1998; Lagrosen and Lagrosen, 2005);
- enhanced focus on meeting the needs of the customers and other stakeholders (Harber et al., 1993; Coopers & Lybrand and EFQM, 1994-1995; Wood and Peccei, 1995; Morrow, 1997; Ghobadian et al., 1998; Samson and Terviovski, 1999);
- greater involvement in the affairs of the organisation (Harber et al., 1993; Wood and Peccei, 1995; Morrow, 1997; Ghobadian et al., 1998);
- embedding of continuous improvement and learning culture (Coopers & Lybrand and EFQM, 1994-1995; Ghobadian et al., 1998; Lagrosen and Lagrosen, 2005);
- greater commitment (GAO, 1990; Harber et al., 1993; Morrow, 1997; Ghobadian et al., 1998; Lagrosen and Lagrosen, 2005);
- greater confidence to engage in dialogue, identify problems, address problems and short comings (Harber et al., 1993; Ghobadian et al., 1998); and
- facilitating and transformational human resource management style (Harber et al., 1993; Morrow, 1997; Ghobadian et al., 1998).

As can be seen from the above, a number of empirical studies have found benefits resulting from the introduction of TQM. For example, the United States General Accounting Office (GAO) (1990) study of 20 organisations that had implemented TQM revealed: superior financial performance; improved employee relations; improved operating procedures; and enhanced customer satisfaction.

The improvement in the financial and operational performance resulting from TQM is critical to the likelihood of organisations behaving ethically according to Roth (1993). He argued that “companies that lack quality in their products, manufacturing processes, management systems’ and work environment can still be run ethically. Due to their lack of bottom-line success, however, the temptation to act unethically may, at times, be quite strong. An ongoing need will exist to monitor behaviour and to reinforce ethical standards. On the other hand, in companies that have mounted a truly comprehensive quality improvement process, ethical behaviour is automatically encouraged” (Roth, 1993:6).

CSR

CSR is a relatively new management concept. Arguably one of the key reasons for the development of the concept was the lack of perceived balance between the power enjoyed by businesses and the responsibility exercised by them (Eberstadt, 1977). Davis (1973:312) offered the following succinct description “the firm’s consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm to accomplish social benefits along with the traditional economic gains which the firm seeks”. The CSR concept is still developing and has not reached the maturity stage. It consists of a number of free standing and competing ideas that have not been sufficiently integrated into a broadly accepted and robust theory (Wood, 1991). In particular, there is an absence of consensus regarding the elements (steps) underpinning the processes of corporate social responsibility. Therefore, the analysis presented in this section is work in progress and subject to change as the CSR concept climbs the maturity curve.

CSR is defined variously. For example, Frederick’s (1986) definition argued that fundamentally, corporations have an obligation to work for social betterment. Carroll (1979:500) offered the following definition “the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of

organisations at a given point in time”. Another definition was offered by Ahmed and Machold (2004:538): “an ethical organisation is one that is able to reflect appropriately and evaluate its actions in the context of an ethical domain, within the process of organisational decision making. In attempting to do so, the organisation must grapple with the problem of multiple agency-constituency roles”. McWilliams and Siegel (2001) argued that pressure for CSR emanates from multiple stakeholder groups including customers, employees, suppliers, community groups, governments and institutional shareholders. They went on to offer the following definition of CSR “actins that appear to further some social goods, beyond the interests of the firm and that which is required by law” (McWilliams and Siegel, 2001:117). This definition suggests that an organisation that embraces CSR will go beyond obeying the law or industry wide codes of conduct, for example, avoiding age discrimination is not engaging in a social responsible act, to engage in a social responsible act an organisation must have a programme of actively promoting and seeking to employee senior citizens.

In this paper we have adopted the following definition offered by Hopkins (2005:214):

“CSR is concerned with treating the stakeholders of the firm ethically or in a socially responsible manner. Stakeholders exist both within a firm and outside. The aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for its stakeholders both within and outside the corporation”.

We choose this definition because it is pragmatic and acknowledges the importance of economic performance, it recognises that firms serve a broad range of stakeholders, and it highlights the importance of striking a balance between economic performance, meeting the stakeholders expectations, and responsibility towards society. CSR can only flourish if its protagonists recognise the importance of economic performance. As Drucker (1974) stated:

“. . . . Business management must always, in every decision and action, put economic performance first. It can justify its existence and its authority only by the economic results it produces. A business or a management has failed if it fails to produce economic results.”

One reason for the widespread diffusion of TQM was that it recognised the importance of economic performance and sought to provide values and develop a culture within which firms pursued economic performance. CSR equally can provide the context within which firms pursue economic performance. As Chester Barnard (1964) argued, it is the quality of cooperation around high ideals and adding value that ensures an organisation's durability and success.

The above definition of CSR, as well as other definitions of CSR, displays a strong ethical bias. This ethical bias partially manifests itself as concern for organisations' human resources as well as concern for environment and society at large. It advocates responsibility.

Our literature review suggests that the following values underpin the CSR concept:

- seeks to understand and meet the needs of stakeholders including that of customers, owners, employees, suppliers, and the society at large;
- integrity of individual and collective action;
- honour;
- fairness;
- respect;
- participation; and
- individual and collective responsibility to others.

We contend that despite apparent differences in the definitions of TQM and CSR, due to the longer history and in depth development of the TQM concept, there is a significant overlap between the values that underpin the two concepts.

The second dimension of our discursive analysis is the elements of the process of corporate social responsibility. This is crucial in enabling the firms to commence their CSR journey (Ahmed and Machold, 2004). This facet of the CSR concept is underdeveloped. In this paper we draw on the work of Ahmed and Machold (2004) who identified theories of ethics and used these theories to identify elements necessary to make the transformation towards a CSR organisation. The theories of ethics they deployed were: utilitarian; universal rights;

distributive justice; individual liberty; and virtue theory. Table I depicts the elements identified by Ahmed and Machold (2004) and provides a brief description for each.

“Table I”

The newness of CSR and low levels of diffusion means that there is less experience with implementing the elements of the processes of social responsibility. On the other hand some of these elements map on the elements of TQM, and therefore, they can be implemented as a part of the TQM processes. This will require some adjustment and re-think on the parts or the elements of TQM.

There is less clarity as to the outcomes of CSR (Aupperle et al., 1985). A number of studies have reported a positive link between social responsibility and increased organizational commitment and individual satisfaction (Steers, 1977; Brooks 1989), but not all (Vogel, 2005). Ahmed and Machold (2004) argued that the benefits of CSR were many but indirect. They went on to say that that evidence emerging from *Fortune’s* annual ‘US Corporate Reputations Survey’ suggests that the reputation measures correlate closely with financial performance indicators, including measures such as 10-year annual return to shareholders and stock market value. Waddock and Graves (1997) empirical research showed a positive association between corporate social performance and financial performance. The outcome of studies examining the link between CSR and financial performance is indeterminate with some studies identifying a positive link and other finding no link and in some cases a negative link (Donaldson and Preston, 1995; Griffin and Mahon, 1997; Jawahar and McLaughlin, 2001; McWilliams and Siegel, 2001). Zwetslot (2003) argued that CSR results in “doing the right things” and this confers a wide range of benefits on the organisation. Similarly, Martin-Castilla (2002) argued that CSR serves the long-term interest of the firm by aligning the interest of the firm with that of its stakeholders.

Summary and conclusions

The interest in the nature of the relationship between TQM and CSR is long standing. Oppenheim and Przasnyski (1999) argued that the aim of the quality movement is to enable organisations to deliver high quality durable products and/or services, in the shortest

possible time to market, at minimum cost, and in a manner that emphasises human dignity, work satisfaction and mutual and long-term loyalty between the organisation and its stakeholders, in particular its employees. As such TQM has a strong ethical dimension and advocates the importance of considering the interests of stakeholders as opposed to solely the interest of the owners. Hence, there is a strong similarity between TQM and CSR. Similarly, Vinten (1998) stated that the TQM concept intersects with the legitimate ethical and instrumental dimension of CSR. Wicks and Freeman (1998) share this sentiment and pointed out that TQM is driven by a set of interrelated concepts that simultaneously feature management practice and moral values. In its aim, TQM encompasses concepts and practices that strive to work for the benefit of all stakeholders. Moir (2001) argued that both TQM and CSR shared similar ethical anchors.

Established models of business excellence / TQM such as the Baldrige Criteria for Performance Excellence, the European Foundation for Quality Management (EFQM) Excellence Model, the Australian Business Excellence Framework, and the Canadian Framework for Business Excellence all incorporate a social responsibility element and advocate management practices compatible with the ideals of CSR (Ghobadian and Woo, 1996; Martin-Castilla, 2002)

TQM is further advanced in its use as a management tool for practitioners than CSR. Certainly the two areas of work proceed within companies with few, if any, links between the two. An area that would help to embed both concepts is at the individual employee level. Employees are encouraged to improve the quality of their work at every stage but the notion of employee social responsibility is left very much to individual choice. Yet each employee has a social responsibility to their immediate colleagues, managers, and own junior staff as well as what they do outside the company. At minimum company employee training needs to be improved to cover employee social responsibility but has not so far been considered, at least in the CSR literature. Clearly such an issue is crucial for future harmony and consequent increased productivity both within and outside companies.

The majority of previous work examining the relationship between TQM and CSR adopted a descriptive approach. The contribution of this paper to the developing literature in this area lies in the adoption of a systematic approach to the analysis of the intersection between

these two important concepts using a discursive approach. In this paper we build on the work of McAdam and Leonard (2003) and Ahmed and Machold (2004).

The principal aim of this paper was to investigate similarities and differences between the two concepts. Our discursive analysis examined the three key facets of any management concept, namely the underlying philosophy; the elements of TQM / CSR process; and the outcomes. Table II depicts the summary of our findings.

“Table II”

TQM and CSR have a common philosophical root and the values they espouse show significant overlap. The elements of TQM and CSR overlap to a significant extent but there are differences. In any case, where the elements are very similar their nuances are not exactly the same. Therefore, CSR will not simply happen because an organisation has TQM. To make it happen it is necessary to address the issue explicitly. Moreover, it is necessary to adjust the elements of TQM so that they consciously address facets of CSR. Furthermore, it is necessary to broaden the elements of TQM to explicitly include a number of CSR elements. The outcomes at individual level are not precisely the same. However, both TQM and CSR ultimately result in the organisation doing the right thing. Our analysis highlights the need for the development of a descriptive theory, that is to say, the identification of the mechanism(s) through which elements of CSR could be developed alongside that of TQM and implemented.

The second aim of this paper was to assess the implication of the similarities and dissimilarities for the future development of the two concepts. The analysis presented above suggests that the TQM concept is both compatible with CSR and broad enough to accommodate the CSR concept. In other words, TQM can be used as a vehicle for expediting the diffusion of CSR. However, this is unlikely to occur by accident and it is important to integrate the CSR concept with TQM and ensure that elements of CSR are explicitly addressed.

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Table I. Elements of the process of social responsibility

Elements of CSR Process	Brief Description
Maxim of No-Harm	This principle draws heavily upon the rights philosophy by demanding that the firm should not engage in any action that leads to harm. The harm principle applies equally to animate and non-animate objects, and therefore includes people as well as the environment and eco-system.
Maxim of Transparency	This principal draws on the liberty and informed choice theory by requiring the firm to exhibit openness in its activities. That is to say, full disclosure and provision of information to all parties so that they are able to take decisions that do not compromise their welfare.
Maxim of Voice	This principle draws on distributive justice theory and requires that stakeholders interest are protected through visible and active participation in the decision making process at all levels. The participation has to be meaningful rather than window dressing other wise the principal is abrogated.
Maxim of Equity	This is derived from the theories of rights and justice and its aim is to ensure that there is perceived equity in the actions of business.
Maxim of Benefit	This principle is based on the utilitarian perspective and stresses the need to examine the benefits of an action, that is to say, if a certain act is carried out who wins, who stays the same, and who loses from it. What are the gains and loses? Clearly, the aim here is to create the greatest amount of good for the greatest number of stakeholders affected by the action.
Maxim of Integrity	This is based on the virtue theory of ethics and requires integrity of action in all the forms of agency that constitute the firm.
Maxim of Liberty	This is based on the liberty theory of ethics by stressing the right of the individual freely to engage or disengage from transactions with the firm.
Maxim of Care	This is primarily based on virtue and rights theories of ethics by focusing on protection and promotion of positive rights by the firm

Adapted from Ahmed and Machold, 2004.

Table II. Mapping of TQM and CSR philosophy, process elements and outcomes on one and other

	TQM	CSR	Comments
<i>Philosophy</i>	Anchored in ethical considerations human behaviour / social system schools of thought with system school of thought. Extends the horizon of the firm beyond economic performance.	Anchored in ethical behaviour. It draws mainly on the social system of thought and to a lesser degree on human behaviour school.	The two concept share a great deal in common and from a philosophical stand point of view the two concepts can operate in tandem with one another.
<i>Elements of the Process</i>	Promotion of values and principles of TQM	Integrity	Many of TQM values coincide with values propagated by the virtue theory of ethics.
	Open and participative management style	Equity	Equity is concerned with felt fairness and open and participative management style is predicated on fairness.
	Focus on meeting the needs of customers, employees, society and owners	Benefit	Like the CSR element this element of TQM is focused on meeting the needs of diverse range of stakeholders
	Delegation of authority and responsibility to the lowest level	Voice	The principal voice advocates effective participation and this element of TQM is concerned with delegation of both authority and responsibility to the lowest level possible.
	Harness the creative capability of employees through active participation	Voice	TQM recognises the importance of giving voice to employees its impact on harnessing the creative capability of the organisation.
	Openness in terms of sharing and communicating information widely	Transparency	These two elements address the same issue namely full disclosure and provision of information.
	Two way communication		
	Human resource development		Partially addresses the care maximum.
	Continues improvement and learning		Partially addresses the no-harm maximum.
	Teamwork		
	Focus on the process rather than task		
	Development of partnership with key stakeholders	Voice	In this case to those that do business with the organisation.
	Eradicating sources of error and designing systems that make it difficult to make mistake		Partially addresses the no-harm maximum.
	Empowerment of all employees to address problems and make decisions	Voice	Focus of this element of TQM is to empower or give employees voice.

		No-harm	Not explicitly addressed by a single element of TQM. However, it fits with the philosophy of TQM and indirectly part of several elements of TQM.
		Liberty	Addressed in narrow sense by some elements of TQM, for example, HR development, participation.
		Care	Addressed implicitly rather than explicitly by a number of TQM elements. For example, promotion of values of TQM, HR development, and openness.
<i>Outcomes</i>	The benefits from TQM are broad and affect all facets of the organisation including economic performance.	The impact can be broad but potentially indirect.	The key output of both TQM and CSR is to encourage the organisation to do the right things rather than to do things right.