TOTAL QUALITY – The Catalyst for Ethical Business and Sustainability

This paper advocates a general overview to *Total Quality* and its three vital ingredients – **business ethic**, **integrity** and **sustainability.**.

The value of Total Quality

Quality is the widely recognized value and for each it means something else. Because this term is abstract, it is difficult to construct universal definition, which requires continuous and dynamic adaptation of products and services to fulfill or exceed the requirements or expectations of all. According to various perspectives the following definitions deserve emphasis.

1. *Quality* definition in ISO 8402: *The totality of characteristics of an entity that bear on its ability to satisfy stated and implied needs.*
2. Joseph Juran explains *quality* as *fitness for purpose or use.*
3. Philip Crosby understands *quality* as *conformance to requirements.* Author goes a step further, indicating that the success of any quality programme depends on:
   - A system of written instructions.
   - Personal integrity of individuals responsible to make the system work.
   - A management that believes that <u>excellence</u> can be delivered.

Achieving <u>excellence</u> requires the concerted efforts of all personnel performing interactive activities which are essential. It is worth mentioning that *quality* of products and services is influenced by many stages from design to discard.

Deming's idea that improving quality could increase productivity led to the development in Japan of the *Total Quality Control* (TQC) and *'Quality Circles'* concepts, in which quality and productivity are viewed as two sides of a coin. Deming believed productivity improves as variability decreases, and you must use statistical methods to control quality. Above that Deming popularized the Shewhart Cycle, widely known as PDCA(Plan, Do, Check, Act). Taken in a larger sense, the cycle can be considered a way to think about how to relate your product and processes to customer needs (Figure 1.) shows how the cycle can be used to test new ideas for improving a product or process.
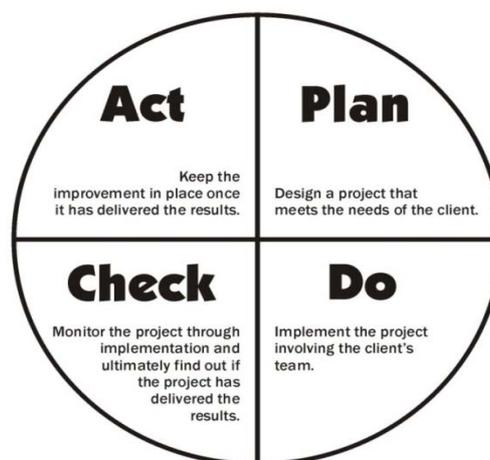

Figure 1: Plan Do Check Act (PDCA) cycle.

The individual stages can be understood as:

1. *Plan:* customer research to determine their needs; research to determine goal and target as well as methods to reach the goal;
2. *Do:* making the product that you believe meets those needs; train on problem solving; implementing solution obtained by trained personnel;
3. *Study:* seeing how the customer liked the product;
   Check: check the effect of implementation;
4. *Act:* making appropriate modifications, based on customer feedback, to make the product even better; initiating appropriate actions and standardize.

As can be seen from the "cycle" idea, these four steps are to be repeated over and over to continuously improve the product (or a process).

Total Quality Management (TQM) in end of 20th century came up as a management system for a customer focused organization that involves all employee in continual improvement of all aspects of the organization. TQM uses strategy, data, and effective communication to integrate the quality principles into the culture and activities of the organization. *Total Quality Management* is a comprehensive and structured approach to organizational management that seeks to improve the quality of products and services through ongoing refinements in response to continuous feedback.

As a current focus of e-business, TQM is based on quality management from the customer's point of view. Deming credited with starting the movement of Total Quality Management, summarized it in 14-points, applicable to any type and size of business.

Deming's 14 points:

1. Create constancy of purpose towards improvement.
2. Adopt the new philosophy.
3. Cease dependence on mass inspection.
4. End the practice of awarding business on the price tag alone.
5. Improve constantly and forever the system of production.
6. Institute training on the job.
7. Institute leadership.
8. Drive out fear.
9. Break down barriers between departments (staff areas).
10. Eliminate slogans, exhortations.
11. Eliminate numerical quotas.
12. Remove barriers to ensure pride of workmanship.
13. Institute a vigorous training and education.
14. Take action to initiate transformation. It is everyone's job.

Understanding business ethics

Since we are speaking about *Total Quality*, it must therefore cover all aspects of ethical and prudent management, in which there is no place for actions leading to the loss of quality in the workplace.

One of the most important 'ingredient' of *Total Quality* in a workplace is **business ethics,** even though very often, either workers or customers doubt in possibility of joining ethics with business. In brief, we can assume that **business ethics** can be defined as the ethical behavior of a business to conduct its operations. According to John W. Collins, **business ethics** is an

oxymoron, which means that two apparently contradictory concepts have been brought together. When saying that **business ethics** is an oxymoron suggests that there are not, or cannot be, ethics in business – that business is in some way unethical, or that it is, at best, amoral. Revelations of corporate malpractices could be considered as perfect example of above comprehension, after all such situations are not part of everyday business activities. Similarly it would be wrong to infer that scandals involving corporate wrongdoing mean that the subject of **business ethics** was in some way naïve or idealistic. On the contrary, it can be argued that the subject primarily exists in order to provide us with some answers as to why some certain decisions should be evaluated as ethical or unethical, right or wrong. In reference to James O'Toole, *ethics is not about answers. Instead, ethics is about asking questions. It is about asking lots of questions and, maybe, if you are lucky, even asking the right ones every now and then. (…) ethical organizations do not shy away from asking potentially embarrassing questions, ones that might disturb status quo.*

Though, if we search for definition of **business ethics**, we have to ask ourselves what is *morality* and *ethics* itself, so that it would be less difficult to find suitable explanation of that controversial term. In common usage terms *morality* and *ethics* are often used interchangeably. Nonetheless, making a distinction between those two terms brings certain advantages, that is why we can use following definitions:

> **Morality** is concerned with the norms, values, and beliefs embedded in social processes which define right and wrong for an individual or a community.

> **Ethics** is concerned with the study of morality and the application of reason to elucidate specific rules and principles that determine right and wrong for a given situation. These rules and principles are called ethical theories.

According to this way of thinking, morality precedes ethics, which in turn precedes ethical theory (see Figure 2) All individuals and communities have morality, a basic sense of right or wrong in relation to particular activities. Ethics represents an attempt to systematize and rationalize morality, typically into generalized normative rules that supposedly offer a solution to situation of moral uncertainty. The outcomes of the codification of these rules are ethical theories, such as rights theory or justice theory

morality → rationalisation → ethics → production → Ethical theory → application → Potential solutions to ethical problems
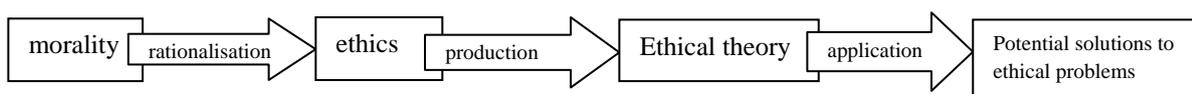
Figure 2. The relationship between morality, ethics, and ethical theory.

At this point we come across another question: what is the relation between ethics and business ethics? First of all, it is a form of applied ethics, a branch of philosophy. It follows that it takes the ethical concepts and principles developed at a more theoretical, philosophical level and applied to specific business situations. Moreover, it makes judgements about what is right or wrong – it makes claims about what ought or what ought not to be done. It is worth stressing that ethicists are more concerned with practical problems and applications, and any specific duties that might apply to business relationships. According to W.M Hoffman and J.M Moore:

> **Business ethics** is disciplined normative reflection on the nature, meaning and context of business activity. As such it deals with comprehensive questions about justice of the

economic context in which business operates and about the nature, function, structure and scope of business in that context, as well as with some specific issues raised by the relationship of business to government, the consumer, its employees and society at large.

One of the fullest description of ethics itself comes from Louis P. Pojaman, who says that: *Ethics distinguishes itself from law and etiquette by going deeper into the essence of our social existence. It distinguishes itself from religion by seeking reasons, rather than authority, to justify its principles. The central purpose of ethics is the secure valid principles of conduct and values that can be instrumental in guiding human actions and producing good character.*

Behaving ethically is not quite the same thing as behaving lawfully. First of all, we need to repeat that **ethics** are considered as **moral guidelines** which govern **good behavior**, that means behaving ethically is doing what is morally right. If **ethics** are about what is right and what is wrong, what is **law** about? The easiest way to define is to assume that **law** is about what is lawful and what is unlawful. But we need to underline that **law** is also about issues of right and wrong, and as well as distinction, there is also considerable overlap between those two terms. In fact, **law** is essentially and institutionalization or codification of ethics into specific social rules, regulations, and prescriptions. Nevertheless, the two are not equivalent, so perhaps the best way to thinking about **ethics** and **law** is in terms of *two intersecting domains*. The **law** might be said to be a definition of the minimum acceptable standards of behaviour. However, many morally contestable issues, whether in business or elsewhere, are not explicitly covered by the rules of law. Similarly, it is possible to think of issues that are covered by the law, but which are not really about ethics. In one sense then, business ethics can be said to begin where the law ends. **Business ethics** is primarily concerned with those issues not covered by the law, or where there is no definite consensus or whether something is right or wrong. Discussion about the ethics of particular business practices may eventually lead to legislation once some kind of consensus is reached, but for most of the issues of interest to business ethics, the law typically does not currently provide us with guidance.
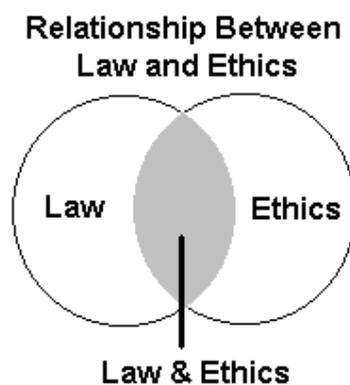

Figure 3. Relationship between law & ethics, grey areas symbolize the situation when *values are in conflict*.

Based on the above definitions we can assume that **business ethics** should be applied both at the macro scale, which is on the free market economy, whether in relation to the interests of the general public, but also, and above all, in micro scale – in enterprises, in relationships within the horizontal: the employer-employee and vertical: colleague-colleague. In the first case, when we are looking at **business ethics** in the macro scale, we should keep in mind that it has to be concerned centrally with questions about the corporation's proper role in and

relationship to the social order. These questions, taken up by the field and continuing to inform its main conversation, are said to surround the *moral status of corporation*, by which is meant typically one or both of:

1. Is the corporation a moral agent, distinct from the persons who compose it?
2. Morally, how or in whose interests ought the corporation to be managed?

Here we need to answer the question whether we can consider the corporation as a person. At law, corporation is a person, distinct in its personality from the persons who bear ownerships in it, or conduct activities on its behalf.

Correspondingly, if the corporation is a legal person, is it also a moral person? In finding a response to that question, we can request assistance from authors, who are concerned with this discipline. Peter French argues that important features of the corporation and corporate decision making exhibit all of the necessary components of moral agency. Moreover he argues that corporations have **corporate internal decision (CID)** structures which provide sufficient grounds for attributing moral agency to them. These CID structures consist of two main parts:

1. An organization chart that corresponds to decision authority within the corporation;
2. Rules for determining whether a decision, made by one who possesses decision making authority according to the organization chart, is a corporate decision rather than merely a personal decision.

In answering the second question about the *moral status of corporation*, we can turn to academic business ethicists. Due to them, seeing the large, publicity-traded corporation as the key actor in business, is mostly leading to understand the foundational normative question of 'how and in whose interests corporations ought to be governed'. The main attempts to answer this foundational normative question in ongoing discussion, have been understood as constituting a *shareholder – stakeholder debate* in business ethics. Originating in the work of R. Edward Freeman, *stakeholder theory* is widely regarded among academic business ethicists as the most significant theoretical construct in their discipline. Normative ethical stakeholder theory articulates the view that a business firm ought to be managed in a way that achieves a balance among the interests of all who bear a substantial relationship to the firm—its stakeholders.

Closely-held corporations and partnerships lack the fluid markets for ownership shares that make exit a viable choice for the disgruntled shareholder. Moreover, closely-held corporations and partnerships are marked frequently by widely diverging interests among members of the ownership class, whether due to the fact that some of those members are in day-to-day control of the enterprise whereas others are not, or that one or a small coalition of owners form an effective voting majority of shareholders, leaving minority shareholder interests to the majority's mercy.

Philosophers and others disagree about the purpose of a business in society. For example, some suggest that the principal purpose of a business is to maximize returns to its owners, or in the case of a publicly-traded concern, its shareholders. Thus, under this view, only those activities that increase profitability and shareholder value should be encouraged. Some believe that the only companies that are likely to survive in a competitive marketplace are those that place profit maximization above everything else. However, some point out that self interest would still require a business to obey the law and adhere to basic moral rules, because

the consequences of failing to do so could be very costly in fines, loss of licensure, or company reputation.

Many companies have formulated internal policies pertaining to the ethical conduct of employees. These policies can be simple exhortations in broad, highly-generalized language (typically called a corporate ethics statement), or they can be more detailed policies, containing specific behavioral requirements (typically called corporate ethics codes). They are generally meant to identify the company's expectations of workers and to offer guidance on handling some of the more common ethical problems that might arise in the course of doing business. It is hoped that having such a policy will lead to greater ethical awareness, consistency in application, and the avoidance of ethical disasters. An increasing number of companies also require employees to attend seminars regarding business conduct, which often include discussion of the company's policies, specific case studies, and legal requirements. Some companies even require their employees to sign agreements stating that they will abide by the company's rules of conduct. Not everyone supports corporate policies that govern ethical conduct.

Some claim that ethical problems are better dealt with by depending upon employees to use their own judgment. Others believe that corporate ethics policies are primarily rooted in utilitarian concerns, and that they are mainly to limit the company's legal liability, or to curry public favor by giving the appearance of being a good corporate citizen. Ideally, the company will avoid a lawsuit because its employees will follow the rules. Should a lawsuit occur, the company can claim that the problem would not have arisen if the employee had only followed the code properly. Sometimes there is disconnection between the company's code of ethics and the company's actual practices. Thus, whether or not such conduct is explicitly sanctioned by management, at worst, this makes the policy duplicitous, and, at best, it is merely a marketing tool. To be successful, most ethicists would suggest that an ethics policy should be:

- Given the unequivocal support of top management, by both word and by example.
- Explained in writing and orally, with periodic reinforcement.
- Doable....something employees can both understand and perform.
- Monitored by top management, with routine inspections for compliance and improvement.

One of the most important attributes for business success, is the distinguishing quality of practicing admirable business ethics. Business ethics, practiced throughout the deepest layers of a company, become the heart and soul of the company's culture and can mean the difference between success and failure. In the research study, "Does Business Ethics Pay?" by The Institute of Business Ethics (IBE), it was found that companies displaying a **clear commitment to ethical conduct** consistently outperform companies that do not display ethical conduct. The Director of IBE, Philippa Foster Black, stated: *Not only is ethical behavior in business life the right thing to do in principle, we have shown that it pays off in financial returns.* These findings deserve to be considered as an important insight for companies striving for long-term success and growth.

Principles of Admirable Business Ethics:

1. **Be Trustful**: Recognize customers want to do business with a company they can trust; when trust is at the core of a company, it's easy to recognize. Trust defined, is assured reliance on the character, ability, strength, and truth of a business.

2. **Keep An Open Mind**: For continuous improvement of a company, the leader of an organization must be open to new ideas. Ask for opinions and feedback from both customers and team members and your company will continue to grow.

3. **Meet Obligations**: Regardless of the circumstances, do everything in your power to gain the trust of past customers and clients, particularly if something has gone awry. Reclaim any lost business by honoring all commitments and obligations.

4. **Have Clear Documents**: Re-evaluate all print materials including small business advertising, brochures, and other business documents making sure they are clear, precise and professional. Most important, make sure they do not misrepresent or misinterpret.

5. **Become Community Involved**: Remain involved in community-related issues and activities, thereby demonstrating that your business is a responsible community contributor. In other words, stay involved.

6. **Maintain Accounting Control**: Take a hands-on approach to accounting and record keeping, not only as a means of gaining a better feel for the progress of your company, but as a resource for any "questionable " activities. Gaining control of accounting and record keeping allows you to end any dubious activities promptly.

7. **Be Respectful**: Treat others with the utmost of respect. Regardless of differences, positions, titles, ages, or other types of distinctions, always treat others with professional respect and courtesy.

Recognizing the significance of business ethics as a tool for achieving your desired outcome is only the beginning. A small business that instills a deep-seated theme of business ethics within its strategies and policies will be evident among customers. It's overall influence will lead to a profitable, successful company. By recognizing the value of practicing admirable business ethics, and following each of the 7 principles, your success will not be far off.

Based on above mentioned 7 principles, the good code of conduct can be created for each and every business. The main purpose of code of conduct is to inform all employees of their legal and ethical obligations to the company, its employees, customers, competitors and suppliers, taking into account varying practices due to any differences, for example social or cultural. The code provides a framework for ethical business conduct and is not intended to establish rules governing every possible instance could arise, it sets forth general legal and ethical principles, and directors, officers, and employees must use good judgement and common sense in applying them, and deciding when to seek guidance from others as to the appropriate course of conduct. Well constructed code of conduct should lead the company members to achieve such goals as:

- Promoting honest and ethical conduct, including the ethical handling of conflicts of interest;
- Promoting full, fair, accurate, timely and understandable disclosure to company reports;
- Promoting compliance with applicable laws and governmental rules and regulations;
- Promoting prompt internal reporting of violations of the code;
- Deter wrongdoing.

Any kind of ethics and Business integrity policy or code of conduct sets the standards and behaviors that everyone is expected to meet, whenever it is operated. Behaving ethically is essential to the way we operate and the success of business we run. We can enumerate the set of values that are cornerstones of ethic and business integrity:

- Openness,
- Collaboration,
- Mutual dependency,
- Professional delivery,
- Sustainable profitable growth,
- Innovation

Figure 4: Elements of Ethical Performance in Business

Integrity constitutes Quality

Broadly discussed business ethics is strictly connected with **integrity,** which goes hand in hand with it. Probably the best place to start is with an understanding of what integrity is:

- The New Webster's dictionary defines **integrity** as moral soundness, probity, wholeness, completeness, the quality or state of being unimpaired;
- Valerie Vanessa Claudio- Pascua defines **integrity** as consistent behavior or behavior that matches beliefs across a variety of situations. It also means honesty, openness, and transparency.
- According to businesstm.com **integrity** means making the correct choice when faced between right and wrong. It further encompasses adherence to ethics, moral, and is often linked with honesty.

Workplace integrity starts with honesty, decency and trustworthiness. Following through with your word and being impeccable and honorable with your actions creates respect and professionalism. There are many reasons as to why someone may or may not be enjoying their job or acting with integrity. Regardless, if you choose to stay in your current role you

might as well lift your game and do it with integrity. What kind of boss or employee are you? Are you setting a good example for your team, staff and colleagues? More often than not the less productive employee will find more to whinge and whine about than the industrious type.

Here are some points to get you thinking:
- **A clean attitude:** When we are confident and comfortable within ourselves we have next to no reason to belittle others or act with arrogance. Build your confidence and clean up your language and communication skills.
- **Honor your working hours:** Do not steal time from your employer. You are there to get a job done, not to surf social networks, talk to your friends and waste time.
- **Confidentiality:** Keep workplace secrets such as; client information, employee salaries and un-coming company changes to yourself – it's an absolute integrity must.
- **Be truthful:** Managers are less likely to have confidence in you and promote you if they feel as though you are not open and truthful. Over time most lies come back to bite you! Mistakes and mishaps can be your greatest time for growth and learning.

Integrity connotes strength and stability. It means taking the high road by practicing the highest business ethics standards. Demonstrating integrity in the workplace shows completeness and soundness in your character, and in your organization. It shows that you have solid workplace behavior ethics that matter in the real world that promote positive work ethics. **Integrity** is considered as an ingredient of leadership. It is well to keep in mind that the presence of integrity both pre-dates the ability to lead and supports the leader, as decisions are made. The reality is that influence is purchased with integrity but realized through wisdom. Leaders who demonstrate behaviors like consistency, honesty, openness, and transparency, they demonstrate integrity and promote a trusting work environment. As John C. Maxwell writes *integrity binds our persons together and fosters a spirit of contentment within us. It will not allow our lips to violate our hearts. When integrity is the referee, we will be consistent: our beliefs will be mirrored by our conduct.* Without **integrity** at the helm of company, a business is usually short-lived.

In fact, when business **integrity** is present throughout the deepest layers of company and not just at its surface, it becomes the heart and soul of the company's culture and can mean the difference between a company that succeeds and a company that falters. The importance of **integrity** has always existed among the business community, but in recent times has been shown as falling short. It is the Internet's immeasurable impact on the global marketplace that is now making the expression of integrity, reliability and credibility extremely important. Furthermore, the consequence of global competition means that customers will simply not consider a company that shows any less than the highest level of integrity. Since there is a wealth of competitive companies easily available and accessible via the Internet, there is in fact no need to accept anything less than the best. **Integrity** in its essence must be so ingrained within the nature of an individual, its company and the team members, that it remains steadfast no matter what. Without question, others sense it and find it very attractive.

At its core, **integrity** begins with a company leader who understands the qualities of integrity which then filters down throughout the company into every department and every member's approach and attitude. What must truly be recognized for true success is that while certain precise universal principles lead to business integrity, it is in the overall mindset of the company and the unfailing implementation of these key elements that an enterprise is truly defined. We can follow another 7 principles as the basics of integrity to create a valuable company environment:

1. **Trust:** Recognize that customers/clients want to do business with a company they can trust; when trust is at the core of a company, it is easy to recognize. Trust defined is assured reliance on the character, ability, strength, or truth of a business.
2. **Open-minded leader:** For continuous improvement of a company, the leader of an organization must be willing to open up to ideas for betterment. Ask for opinions and feedback from both customers and team members and your company will continue to grow.
3. **Gaining trust:** Regardless of the circumstances, do everything in your power to gain the trust of past customers and clients, particularly if something has gone awry. Do what you can to reclaim any lost business by honoring all commitments and obligations.
4. **Re-evaluation:** Re-evaluate all print materials including small business advertising, brochures and other business documents making sure they are clear, precise and professional; most important make sure they do not misrepresent or misinterpret.
5. **Involvement in community related issues:** Remain involved in community-related issues and activities thereby demonstrating that your business is a responsible community contributor. In other words, stay involved.
6. **Hands-on approach**: Take a hands-on approach in regard to accounting and record keeping, not only as a means of gaining a better feel for the progress of your company, but as a resource for any 'questionable' activities; gaining control of accounting and record keeping allows you to end any dubious activities promptly.
7. **Respect:** Treat others with the utmost of respect. Regardless of differences, positions, titles, ages, or other types of distinctions, always treat others with professional respect and courtesy.

The other values which we can add to those 7 principles are:

1. **Responsibility:** Blaming others, claiming victimhood, or passing the buck may solve short-term crises, but refusal to take responsibility erodes respect and cohesion in an organization. Ethical people take responsibility for their actions. Workplace stress issues are no excuse. Likewise, actions show the ability to be responsible both in the little and big things. Good work ethics show a deeper commitment to personal responsibility.
2. **Quality:** Should be more than making the best product, but should extend to every aspect of your work. A person who recognizes quality and strives for it daily has a profound sense of self-respect, pride in accomplishment, and attentiveness that affects everything. From your memos to your presentations, everything you touch should communicate professionalism and quality. Don't let workplace stress issues rob you of striving for quality in everything you do.
3. **Teamwork:** two or more employees together make a team. It is a business necessity to work openly and supportively in teams whether formal or informal. You need each other for effective problem solving in the work place.

Integrity is also the best way to protect the ethical culture of an organization, by actively promoting it, practicing it, training it, updating it, and make it real and visible to external and internal stakeholders. In other words the development of an ethical culture results from the continual and ongoing corporate commitment to integrate and align a company's ethical standards with business strategy and operations, such process is institutionalized through implementation of a comprehensive ethics program.

We can also implement integrity in our life by recognizing the **10 Benefits of Living and Working with Integrity:**

1. When you stick to what you know is right or wrong, you don't regret anything you have done.

2. People follow your example and act more honestly.

3. Your powers of observation are more accurate. You can see the truth about others more easily.

4. No need to keep your stories straight as your stories are facts. Less mental work is required.

5. You handle rejection and criticism more easily. For example, you are not bothered if someone says, *"You charge too much!"* As you have no doubt that your fees are fair, you know the *other* person has the problem.

6. You have fewer personality conflicts with others even when you are aggressive.

7. You fight crimes against you with more ferocity when you have nothing to hide.

8. When you make a mistake, it is easy to accept responsibility and move forward.

9. You earn the reputation as a person with integrity. For example, employees brag about honest bosses. *"He might be more honest about your work than you might want to hear, but he's fair and doesn't lie."*

10. Your odds of being sued, fined or convicted of a crime go way down.

Sustainability as the key to Quality

A vital 'ingredient' of *Total Quality* is **sustainability**, which has become an increasingly common term in the theoretic surrounding business ethics, and has been widely used by corporations, governments, consultants, pressure groups, and academics alike. We can identify **sustainability** as a crucial concept that helps to determine and frame goals of business activities from an ethical perspective. Despite the widespread use, **sustainability** is a term that has been utilized and interpreted in substantially different ways. Probably the most common usage of **sustainability,** however, is in relation to *sustainable development,* which is typically defined as *development that meets the needs of the present without compromising the ability of future generations to meet their own needs.* This, however, is only the core idea of an elusive and widely contested concept – and one which has also been subject to vast array of different conceptualizations and definitions. **Sustainability** appears to be primarily about system maintenance, as in ensuring that our actions do not impact upon the system – for example, the Earth or the biosphere – in such a way that its long-term viability is threatened.

By focusing sustainable development on the potential for future generations to satisfy their needs, **sustainability** also rises considerations of intergenerational equity, i.e. equality between one generation and another. We can come across other definitions and ways of consideration of the term **sustainability**, for example:

- Forum for the Future: **sustainability** is a dynamic process which enables all people to realize their potential and improve their quality of life in ways which simultaneously protect and enhance Earth's life support systems;
- More recently, a definition has emerged that focuses on a concept called '*the triple bottom line'* for business, which involves balancing financial, social and environmental impacts: **sustainability** is the successful balancing of economic prosperity, environmental health and social equity;
- The Dow Jones **Sustainability** Index takes a more corporate focused approach: Corporate **sustainability** is a business approach that creates long-term shareholder value by embracing opportunities and managing risk deriving from economic,

environmental and social developments. Corporate **sustainability** leaders achieve long-term shareholder value by gearing their strategies and management to harness the market's potential for **sustainability** products and services while at the same time successfully reducing and avoiding **sustainability** costs and risks.

- According to Thomas Caine **sustainability** is a balance between the financial, human, and environmental. It is about living your values and acting with **integrity**, responsibility and generosity. It is about living in community of discussion, dialogue and action because no person or company is an island and everything is interconnected.
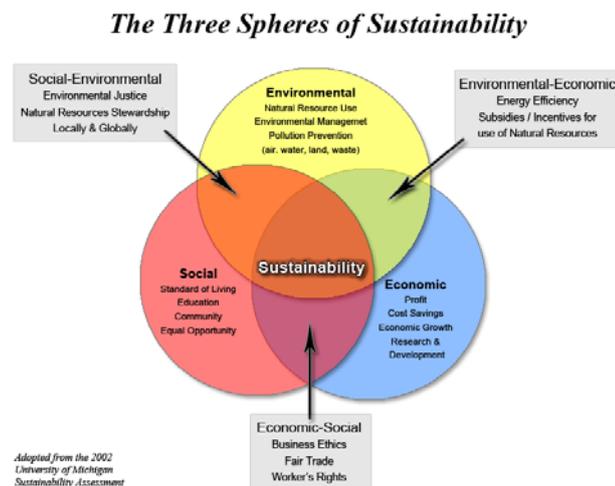

Figure 5: The Three Spheres of Sustainability.

Indeed, **sustainability** has emerged as a way to look and think about social responsibility. Among companies and their customers, generally accepted definitions require companies to balance the impact of business practices on the following:

- **People**: is employee safety and well-being ensured so that their health and welfare are sustained and that they are compensated in a way that permits them a decent living? Beyond employees, do business practices and products ensure the health and well-being of customers?
- **Financial health:** do business practices ensure that the company's financial health can be maintained into the future? Are investments in the company protected and sustained?
- **Community**: viewing a community – both the physical aspects and the people within it – as resources to be protected, companies are called upon to consider how they reinvest in the communities in which they operate.
- **Environment and natural resources**: do a company's business practices minimize risk to the environment and do they seek to conserve and replenish natural resources?

Sustainability, long considered as costly inconvenience by some, has quickly become a competitive advantage, a differentiator and sometimes even a matter of survival. Top companies know that focusing on **sustainability** is a way to improve profits and win customer loyalty. Success not only means embracing the values and principles of **sustainability** but also ensuring appropriate actions and decisions at all levels of the organization. A comprehensive **sustainability** strategy must have a solid framework that ensures its execution in consistent with corporate governance and culture. At this point, we can refer to the

framework proposed by A.T. Kearney's Corporate Sustainability Strategy, which addresses all aspects of **sustainability** – from measuring and mitigating future forces that could affect a company's strategy, portfolio and operations, to assessing the company's environmental impact on the communities it touches. The result is a roadmap that links quantifiable sustainability objectives and targets to the business strategy. The roadmap is charted and measured in terms of costs, revenues and reputation. **Sustainability's** impact is assessed and quantified in following key areas, including:

- Value chain – production, supplier selection process, logistics;
- Products and services – materials, packaging, pricing strategies;
- Organization structure – governance, sales and marketing, finance;
- Talent management – recruiting, performance management;
- Culture – leadership, change management.

Close knitted concept to **sustainability** is **sustainable development**, which has received growing recognition, but it is a new idea for many business executives. For most, the concept remains abstract and theoretical. Protecting an organization's capital base is a well-accepted business practice, yet organizations do not generally recognize the possibility of extending the notion to the world's natural and human resources. If sustainable development is to achieve its potential, it must be integrated into planning and measurement systems of business enterprises. And for that to happen, the concept must be articulated in term that are familiar to business leaders. The following definition is suggested:

> *For the business enterprise, sustainable development means adopting business strategies and activities that meet the needs of the enterprise and its stakeholders today while protecting, sustaining and enhancing the human and natural resources that will be needed in the future.*

This definition is needed to help business directors apply the concept of sustainable development to their own organizations. Sustainable development is a pervasive philosophy to which every participant in the global economy must subscribe, if we are to meet today's needs without compromising the ability of future generations to meet their own.

Another variation of **sustainability** is its corporate version, which is being embraced by business, organizations, communities and governments worldwide, seeking profitability and growth, while also working to satisfy growing stakeholder demands to safeguard and restore the environment and improve quality of life of their communities and society in general. A sound understanding of the growing influence and significance of **sustainability** principles and of implementing an effective corporate sustainable strategy can give any organization a stronger position in the marketplace and a distinct competitive advantage. An effective corporate sustainability strategy benefits companies in many ways that can significantly boost profitability and value, for example:

- Attracting and retaining top talent;
- Increasing employee productivity and satisfaction;
- Proactive management and response to current and emerging business risks;
- Increasing market share and new markets via product and service differentiation;
- Reducing operating and production costs;
- Enhancing image, reputation and brand recognition.

It is worth mentioning that **sustainability** involves building a decision making system that takes into account not only internal operating procedures, but also the impact of corporate behavior, on its stakeholders.

When putting all described 'ingredients' together we will get the perfect *Total Quality* recipe. As we all know ideal solutions are hard to achieve, but in case of following the rules and principles of business ethics, integrity and sustainability we are able to achieve success and stay in accordance with own consciousness. Implementing those values can bring satisfaction to employees, management, stakeholders and customers and make our business profitable, not only in economical but also social and environmental sense. It is worth trying and asking all possible questions about the goals which we are about to achieve, and what is our path to achieve them – the prudent and moral, or free of rules and values.

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