

From TQM to TRM

Total Responsibility Management Approaches*

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Managers of the past faced growing quality demands from customers, together with increased capacity of often overseas competitors to meet these demands. Today, however, managers face a growing array of demands—in new areas such as labour practices and supplier relations—from a range of stakeholders stretching beyond customers and shareholders. Faced with a more complex set of objectives based on these stakeholder demands, leading firms are adopting systems and practices analogous to those on which the quality management movement has been based, now applied to the broader issues of responsibility rather than just quality. To cope with this complexity a set of interdependent managerial practices that parallel total quality management (TQM), which we refer to in their whole as *total responsibility management (TRM)*, is emerging. We can identify three main elements that make up the emerging TRM approach: (1) inspiration, or the vision-setting and leadership systems; (2) integration of responsibility management into strategies, as well as employee and other operating practices; and (3) innovation and improvement, including assessment and measures (or indicators), and learning systems. In addition, TRM approaches tend to be based on widely agreed foundational values. Based on ongoing research into practices in global supply chains, we outline a generic TRM approach that is beginning to emerge in some companies to integrate external demands and pressures for responsible practice.

- Responsibility management
- Stakeholder relationships
- Inspiration
- Integration
- Innovation and improvement

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Quality management: the link to responsibility management

IN 1980, MOST AMERICAN COMPANIES WERE PAYING LITTLE ATTENTION TO quality management despite increasing public attentiveness to the quality of products. Yet for 30 years, Japanese firms had been implementing quality improvement processes based on the ideas of W. Edwards Deming and Edward Juran, who had introduced quality-control methods to the Japanese after the Second World War, when US managers had been uninterested (Evans and Lindsay 1999). As the public's perception of the quality of Japanese goods shifted from poor to excellent during the 1960s and 1970s, managers in companies that had not yet 'discovered' quality began to feel significant competitive heat.

Competition came especially from Japanese companies, which were by the 1970s producing goods of high quality at relatively low cost. A turning point came in 1980 when NBC aired its white paper documentary on the work of Deming, 'If Japan Can . . . Why Can't We?' Shortly afterwards, the quality revolution began in earnest in the US (resulting in, among other things, the Baldrige Award) and in Europe (with the implementation of ISO quality standards and the European Quality Award). As one book on managing quality puts it, '[Deming's] name was soon a household word among corporate executives' (Evans and Lindsay 1999). Over time, numerous corporations began implementing quality management and improvement systems as a means of regaining global competitiveness in the face of the intense competition posed by the quality of products produced by overseas competitors.

Most large businesses today operate in a fundamentally global competitive environment, in both producing and selling their wares, frequently using long supply chains to actually produce goods. Attention by labour, human rights and environmental activists to working conditions, lack of respect for workers' rights, use of child labour, hiring and firing policies and environmental problems, particularly in developing nations, has grown enormously in recent years, particularly as the Internet has fuelled global connectivity. For example, significant negative publicity follows on the 'discovery' by labour activists, for example, of sweatshop conditions or child labour in footwear, toy and apparel contractors, causing consumer boycotts and reputational damage that can cost companies customers and revenue. Overall, the attention to working conditions and environmental issues has raised the consciousness not only of activists but also of consumers, investors and multinational companies themselves to the increasing social expectations that are being placed on companies—and on their suppliers (Waddock *et al.* 2001).

Accompanying rising public expectations with respect to human rights, labour and environmental policies is a proliferation of auditing and reporting methodologies. These approaches include the balanced scorecard, triple-bottom-line accounting, holistic performance assessments, internal and stakeholder-oriented social audits (such as AA1000 and SA8000) and the Global Reporting Initiative (GRI), which is attempting to develop standardised reporting practices, to name only a few. Today, competitive pressures on product and service quality and widespread consumer attention to quality mean that companies cannot compete successfully without paying close attention to the quality of their products and services. Although the acceptance by managers of quality as a business imperative was not easy to achieve, failure to pay attention to quality now can quickly contribute to business failure. In this paper, we argue that a similar evolution is occurring with respect to managing a company's responsibility for labour, human rights, supplier, customer, ecological and related stakeholder practices and that companies are responding by developing responsibility management systems comparable in many respects to quality management systems already in place.

Methodology

This paper presents results of exploratory research into private voluntary initiatives by multinational firms, in particular into how firms implement codes of conduct through supply chains that stretch to developing countries. The research approach is a multiple-company (case) review of the management practices within supply chains using an interview methodology. The research question driving this research is:

What are the management systems that enterprises use at multinational enterprise (MNE) and supplier levels to set, communicate, implement and evaluate progress in attaining social objectives?

Given the broad possibilities behind this research question and the theory-building nature of the work, a qualitative, theory-sensitised methodology of multiple case studies, based on interviews at various levels within the supply chains of the companies studied, is used. Orum *et al.* (1991) argue that multiple case studies allow the grounding of findings or observations regarding social structures or actions 'in natural settings at close hand'. Second, they are holistic in nature, allowing the study of complex social networks over time, they use multiple sources and take into account complex social meanings and actions. The research question focuses on understanding the complex new management systems and processes for managing responsibility now emerging in the context of international corporations and regulation.

Researchers conducted interviews with over 120 managers in global supply chain-based sectors at all levels in the hierarchies of the subject organisations, from senior managers in headquarters responsible for corporate responsibility or labour standard compliance efforts to first-level supervisors in supplier operations half a world away. Pairs of management researchers conducted the interviews using a semi-structured approach lasting between 40 minutes and three hours, most typically lasting about one hour. In addition to headquarter operations in Europe and the United States, the researchers visited sourcing (purchasing) offices both in the home countries of multinationals and those located in Asia. Over 25 factory visits have been conducted in six countries in South and South-East Asia. Finally, on-site interviews have been complemented by telephone interviews with managers from over 20 companies.

Content analysis of the interviews followed Eisenhardt's (1989) multiple case study approach. Initial research on the firms, their supply chains and the manner in which they implemented responsibility objectives resulted in the findings reported below. These findings were further refined with additional analysis from later research on other firms and suppliers. Through both data collection and analysis we have attempted to address some of the common limitations of case study research: for example, limited access as an outsider, limitations in informant reflexivity and the inaccuracy of second-hand interpretations. One strength of the methodology is the overlap between data collection and analysis, which has allowed an iterative process of content analysis and development of findings appropriate for this type of exploratory research. At the same time, there has been considerable triangulation between review of existing literature on the topic of research, field interviews and observation of practice during field visits.

Total responsibility management (TRM) overview

Data from the interviews indicates that companies are responding to pressures to manage responsibility with systemic management approaches comparable in many ways to quality management systems. Following the language of TQM—total quality management—we have labelled these approaches total responsibility management or TRM

approaches, in part to highlight the similarity of responsibility management systems to quality management approaches. TRM approaches are systemic efforts to manage a company's relationships with its key stakeholders and the natural environment. Built on widely agreed foundation values, TRM approaches, as evidenced in the study companies, have three main elements: (1) **inspiration** or the vision-setting, commitment and leadership systems; (2) **integration** of responsibility into employee and other stakeholder relationships and into strategies and practices; and (3) **innovation and improvement** learning systems and their associated **indicators**.

In much the same way as quality management practices have done for quality, TRM approaches represent integrated systems to address responsibility and help companies to maximise competitive success by: (1) continually monitoring and improving performance through engaged and mutually responsive relationships with employees and other key stakeholders; (2) measuring performance on multiple bottom lines (i.e. the triple bottom line of economic, societal and ecological criteria); and (3) transparently accepting responsibility and accountability for the impacts of corporate decisions, actions and results. Figure 1 illustrates the interdependent nature of the main components that make up a generic TRM approach.

The rest of this paper will explore the links between accepted approaches to TQM and the features of the emerging TRM approaches to responsibility management in study companies. First we sketch out the components of TRM approaches as they are emerging in the field, comparing them with existing quality management systems with which managers are already familiar.

A framework for TRM approaches

The following sections provide an outline of a generic model of the TRM approaches that the research on responsibility management has found multinational firms developing. Although no firm yet has all of these components in place, efforts to manage responsibility and implement codes of conduct throughout global supply chains share the common elements of the framework presented below. We begin with stakeholder engagement processes and the foundation values on which those processes rest and that inform the inspirational vision of the company. We then discuss the integration processes, following this discussion with the innovation and improvement processes, including the indicators or responsibility measurement system that allows the firm to measure its progress towards becoming a learning organisation. Although we present these components as if they were linear and rational, we recognise that in practice many components emerge simultaneously and in non-linear fashion.

Inspiration: vision-setting and leadership commitment

Inspiration involves the vision-setting and leadership commitment processes found in generic TRM approaches. A key step in developing a TRM approach is for the firm to operationalise its responsibility objectives or what we term the inspirational vision (see Senge 1990). The vision needs to be based on the unique competitive situation, stakeholders, and corporate history of the company, in much the same way that quality management goals are specifically geared to a company's unique situation. Further, the research indicates that TRM approaches can be implemented in a single corporate unit or systemically throughout a corporation, for those serving a global market or a single market. The inspiration process or vision-setting and leadership commitment systems create the organisational context for TRM, involving stakeholder engagement processes,

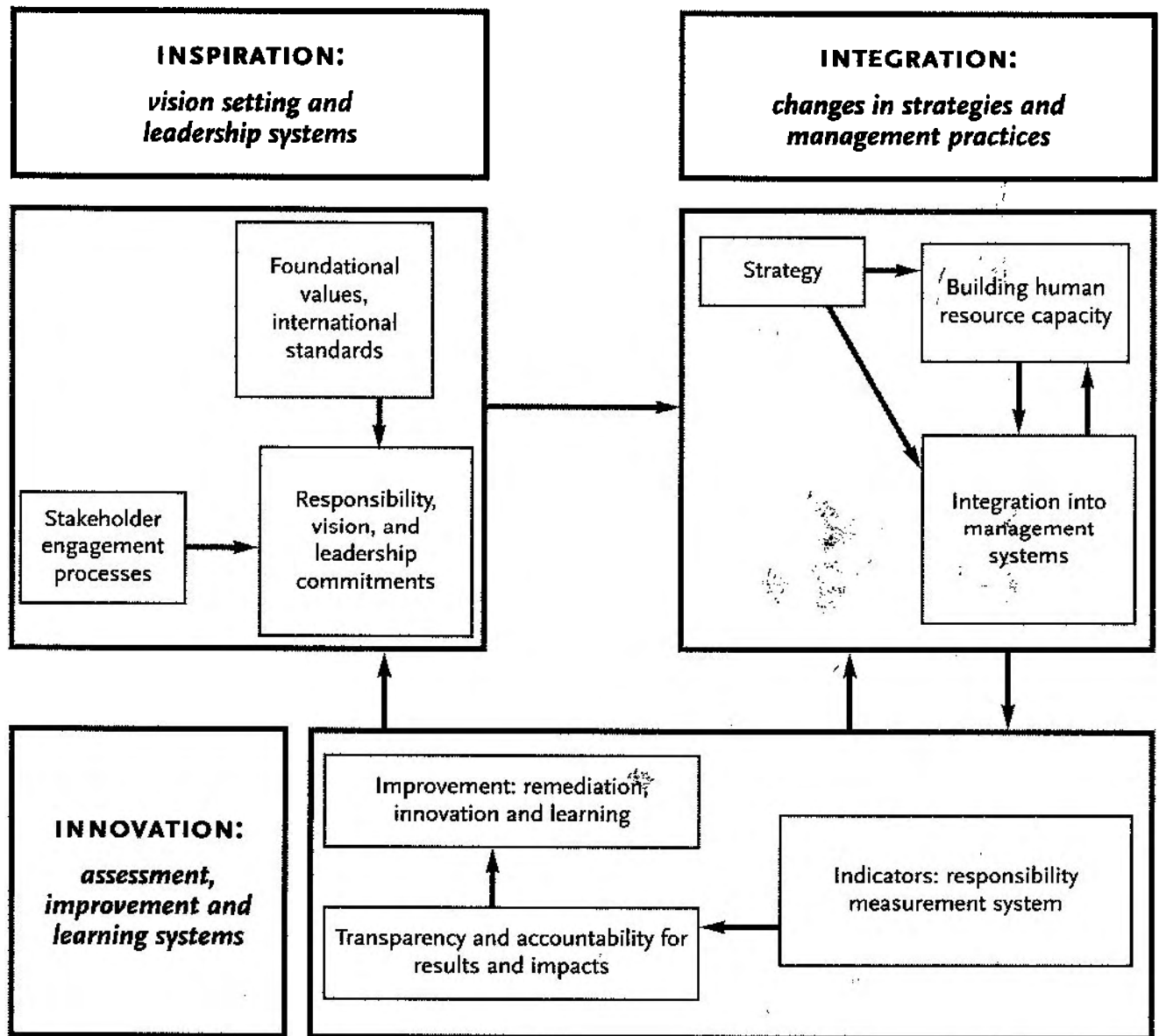


Figure 1 THE TOTAL RESPONSIBILITY MANAGEMENT (TRM) FRAMEWORK

recognition of foundation values and explicit development of the responsibility vision and leadership commitment. As one respondent in research on implementing codes of conduct in supply chains indicated:

You have to consciously make a decision about what your company values are. Not just talk about them. They have to be strong enough to make improvements in product, how you lead, and you have to demonstrate how they impact on you.

Stakeholder engagement processes

TQM is centred on the role of two sets of stakeholders (customers and employees) in the continuous improvement processes on which it is based, while TRM approaches focus on multiple stakeholders. TQM emphasises understanding and meeting customer expectations. In Japanese, the same word—*okyakusama*—is used to refer to both ‘customer’

and 'honourable guest' (Evans and Lindsay 1999: 147). The successful TQM-based company seeks to treat the first like the second, maintaining an open dialogue with customers that allows them not only to meet current needs but also to anticipate future needs. TQM also relies on employee involvement, taking advantage of employees' knowledge, creativity and potential enthusiasm for their job. TRM approaches similarly are centred on employees, recognising that investing in a workforce is an investment in the capacity of an organisation and its suppliers to meet the social objectives it has established. At the same time, such approaches have a broadened focus that includes other stakeholders whose interests and concerns can affect the company, such as suppliers, activists, communities, governments and, of course, customers.

As with TQM, many of the leading firms have worked at establishing processes whereby they receive input from their range of stakeholders. These stakeholder engagement processes (Svendsen 1998) have begun to emerge in recent years as mechanisms to gain input from key external and internal stakeholders. Leading firms in the study appear to be dedicated to taking advantage of the potential of employees' capacities to improve the responsibility of their practices. Employee involvement is particularly relevant to labour practices, because employees are directly affected and most aware of where improvement is needed, and they are responsible for implementing the organisation's vision. In the words of one union representative, 'empowered employees are your best source of monitoring; they know where the problems are'.

TRM approaches provide interaction with external stakeholders as well, including customers, investors, communities and non-governmental organisations (NGOs). In one well-known example, Royal Dutch Shell has developed an extensive stakeholder engagement system to avoid the types of surprise that it met from environmentalists when it tried to dispose of the Brent Spar oil platform in the North Atlantic some years ago (Mirvis 2000). With increased recognition that companies are accountable not only to owners but also to other stakeholders, leading-edge companies develop engagement processes before they hit trouble spots or make significant changes. Thus, they develop stakeholder engagement processes that include interactive forums, dialogue processes or online communications (Mirvis 2000; Lawrence 2002). Through dialogue companies can work with stakeholders to develop trusting relationships where differing points of view can be expressed and input on major issues given in a mutually responsive (but not dictatorial or mandatory) way.

For example, workers' and employers' organisations, owners, customers, communities and, where appropriate, governments where the company has facilities or suppliers are often brought into the stakeholder engagement process. Customers, for example, are increasingly aware of the conditions under which products are produced and make purchasing decisions on that basis. Customers can readily find out about product quality or any harmful consequences of product use (Rust *et al.* 1999); hence marketing practices need to be monitored and above-board. Similar circumstances exist for other major stakeholders. While TRM approaches are inherently more complex than TQM approaches because of the multiple stakeholders involved, they can provide significantly more information to management that can help the business improve its relationships with these key constituents.

Foundational values

The inspiration process also involves the recognition of foundational values. Foundational values are the baseline set of values below which the company and those in its supply chain know it cannot go and still be accepted as responsible corporate citizens. Not just any values will do, however. TRM approaches rely on employees, which means they need to be built on a foundation of constructive values that support human and

worker rights and dignity. Foundation values provide what some scholars term a 'moral minimum' (Donaldson and Dunfee 1999) of acceptable practice: respect for human dignity, avoidance of child labour, respect for the rights of workers to freedom of association and collective bargaining, and adequate working conditions. A clearly articulated set of foundation values can be found in numerous international standards developed in recent years, perhaps most prominently in the ILO's Declaration on Fundamental Principles and Rights at Work (FPRW).¹ More recently, they have been promulgated in the UN Secretary General's Global Compact, which includes the four labour principles present in the ILO Declaration, three human rights principles and two environmental principles, also derived from other UN documents.

Many firms have used these fundamental values to set standards for operation within their supply chains, often in the form of codes of conduct. The head of a multinational's responsibility department clearly identifies the importance of the company's code in defining what is acceptable and what is unacceptable for the company: 'The code is your constitution, your principles and the way you operate. We want to make sure the code is globally relevant, the same from region to region. Suppliers need to know where you are coming from.'

Leading firms, in implementing TRM approaches, go beyond the minimum of foundation values to establish visions that are internalised in the culture of the organisation. In doing so they set stretch goals for the organisation, not only in terms of profitability or market segment dominance but also in terms of social performance. As one manager noted, such a change in vision has profound consequences for the organisation:

We are an innovation-oriented company targeting developing leading-edge products for [our sector]. Now, the CEO says we don't just want to be the best [company in our sector], we are going to be the best company, period. Part of that is the [triple-bottom-line approach]. This means a lot of things. And that can't be just with regard to our core operations but must also apply to our supply chain, for all products we buy. It also stretches to consumers, colleges, suppliers, all our stakeholders.

Responsibility vision and leadership commitments

Top management commitment to the company's vision and values with respect to responsibility is needed consistently and repeatedly over time, according to managers interviewed in the research on responsibility management. Two key questions seem to stand out as needing articulated answers. The first question is *What business are we in?* The second, critical question for the TRM approach relates to core values that the company has articulated, and it is sometimes called the 'enterprise strategy question' (Freeman and Gilbert 1988): *What do we stand for?* Extensive research by James Collins and Jerry Porras in their book *Built to Last* demonstrates the importance of corporate vision and underlying values to long-term success (Collins and Porras 1996a, 1996b).

Top-management involvement in the process of establishing and implementing a responsibility vision is critical. Employees typically seek guidance from management, attempting to understand what senior management wants and what management will reward. As many managers interviewed emphasised, if management does not believe in the vision being articulated or sees it as merely a public relations exercise, then there is little hope that it will become part of operating practices. On the other hand, if top management is involved in the development of a vision and communicates that commitment on a regular basis, if vision is supported through reward systems, allocations of

¹ The Declaration on FPRW targets standards to be set at the national legislative level. The corresponding standard applicable at the corporate level, with reference to the Declaration on FPRW, is the ILO's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

resources and changes in procedures, then the vision will move forward. A manager from a multinational operating in China, put it this way: 'With [our social policy], you need to have buy-in from top management. Knowing that the president was behind it, it got into our performance objectives and made us roll it out with our [suppliers].'

In organisations made up of hierarchical pyramids within pyramids, there are, of course, various levels of 'top management'. The interviews indicate that management commitment at each of these levels is crucial. A senior manager in charge of country-level operations, in charge of quality control, in charge of purchasing, who does not believe in the principles outlined can lead to a breakdown of support for corporate responsibility objectives within his or her area of responsibility. Support needs to be generated at all levels in a cascade fashion from the top of the organisation all the way down and through supply chain operations to supervisors and workers on the production lines.

Integration: changes in strategies and management practices

TRM approaches *integrate* a company's vision, values and leadership commitment into its corporate and business level strategies, then operationalise the vision through the operating practices that affect employees, other stakeholders and the environment. In the companies studied, workers' rights, human rights and working conditions are increasingly becoming part of companies' overall strategies and corporate visions. Whether in human resource policies and practices, supplier relationships or marketing policies, such companies are increasingly paying attention to the impacts that their decisions have on key stakeholders.

Strategy

Once the processes of inspiration have established the companies' responsibility goals and values, they must be integrated into corporate and functional strategies. In TRM approaches, corporate and business strategies reflect the responsibility vision so that it is communicated to all stakeholders. Such visions can help firms to deal with crises. For example, Johnson & Johnson was guided by its Credo during the Tylenol poisonings of the early 1980s, when the Credo guided management's decision to 'pull' Tylenol from the market despite the US\$100 million cost of doing so. Perhaps more importantly, a responsibility vision can help a firm in its day-to-day operations, thereby avoiding crises and operating in a consistently responsible manner. For example, Timberland Corporation is guided by its 'pull on your boots and make a difference' motto today. Strategies, the broad operationalisation of the visions held by organisations, need to clearly reflect the ultimate vision. As one manager pointed out: 'When it is part of [managers' individual] strategic plans and people's futures are tied to it, that their performance level is linked to it, then they will do it.'

In integrating the vision and values into the strategies of the company a key question that must be asked in relation to a company's core values is: *How do we do business here?* The way in which some companies are addressing this question is the focus of the next two sections.

Building human resource capacity

Integration of the vision and values takes place first of all in human resource practices as a process of building human resource capacity. There are two interrelated elements.

First, human issues are typically behind the responsibility visions of organisations, in the best cases becoming part of their strategic plans for the treatment and development of employees. Second, employees are core to the systems required to make the vision a reality. Reaching a firm's responsibility vision requires the commitment and involvement of managers and the participation of employees throughout supply chains, from the top of the hierarchy to the bottom.

The first step is building understanding about the reasons for and benefits of carrying forward the responsibility vision among employees and among managers who allocate resources. This aspect of integration requires the development of supporting materials, training, and regular, consistent communication about the responsibility vision and, if present, the code of conduct. This process also entails modification of reward structures, evaluation procedures, training and requirement systems, so they support both strategic and responsibility objectives. Managers in the companies studied highlighted the importance of education and the reward structure:

Education is a key to success. Our employees—everyone—has to know that this [the responsibility objectives of the firm] is an issue. They have to know what is the business case [for carrying out these objectives]. What could be the PR problems, what other drivers downstream could be.

It is a challenge to get management to do it [implement the corporate responsibility objectives]. There has to be an incentive for the whole company to follow a path. I have to give incentives to the manufacturing managers [of the MNC] to do things. I say, if you do this [less dangerous but more costly practice], then I will pay you x bonus.

Our factories have had to review their salary and bonus structures, since before it was all about reaching output levels without considering hours, use of personal protection equipment, etc. And we have had to try to get them to set this.

Employees are core elements in the implementation of TRM approaches. Most codes of conduct incorporate strong elements of responsible treatment of employees, even within extended supply chains. Integrating a corporate vision into human resources practices means assuring that high standards (such as those specified in many codes of conduct and the International Labour Standards) are met. Thus, the codes of conduct that have evolved into TRM approaches typically include policies on working conditions, employment hiring, retention, dismissal policies, remuneration (wages and benefits), hours of work, forced and child labour, discrimination, promotion, freedom of association and collective bargaining, which need to be monitored.

TRM approaches emphasise that these policies need to be upheld within the confines of the firm itself as well as in companies that are in partnership with or suppliers to the firm. The emphasis on standards within a company's supply chain is particularly critical to TRM because the boundaries between a multinational company and its supplier are increasingly blurred, especially in the eyes of activists, consumers and other stakeholders.

Integration into management systems

TRM approaches incorporate the responsibility vision into other operating practices and management systems. In study firms, this integration appears to be an evolutionary process, as one manager states: 'Integration is not something that happens overnight. It has moved through our entire organisation, but it has to be done step by step.'

Initially, the task of managing the corporate codes of conduct and issues of responsibility management rested with the compliance or specifically other groups dedicated to corporate responsibility. Similarly, prior to the quality revolution, responsibility for quality rested with the QC officers at the 'end of the line'. Eventually, everyone became

responsible for quality, as arguably eventually everyone in the system will become responsible for responsibility.

As one manufacturing manager explained it, the task of truly carrying out all the elements that are required by the responsibility vision is 'huge', with broad implications. Moving responsible practices into supplier operations, for example, means that the role of purchasing is crucial. Yet shifting the purchasing vision from its focus on quality, delivery and cost to include issues of labour practices can be challenging, given the bottom-line financial concerns of all participating firms in a supply chain, as indicated by the following comment: 'No [supplier] really cares about the rating on the [labour, environment, health and safety audits]; they care about orders' (MNC manufacturing manager in China).

Integration goes further than modifying purchasing procedures, in particular as buyers for firms are only infrequently present in supplier factories. Further, the compliance or responsibility group is typically limited in size, and hence able to visit and monitor suppliers only on a sporadic basis. As a result, many managers in firms with heavily disaggregated supply chains highlighted the important role of quality and manufacturing personnel in supporting responsibility objectives. Yet the integration of responsibility is far from settled in the firms studied. As the following comment indicates, the addition of responsibilities for responsibility to those already held by the quality control group is a point of contention:

For the time being managing [supplier] compliance with [corporate responsibility objectives] and quality control have been purposely separated. Compliance people prepare corrective action plans, we think the QC [quality control] people should go on QC checks and also take these with them, to check the way things are headed. The synergy would be if QC people were trained in [responsibility requirements] compliance, then they could do a full package, both in pre-evaluation and follow-up. The QC taking this responsibility is limited by workload; they have too much to do.

Innovation: assessment, improvement and learning systems

One of the great benefits of TQM approaches is that they do not expect perfection. Rather, TQM focuses on continually *improving* not just the products or outputs but also the processes associated with developing them. Much the same can be said of TRM approaches. No company is—or is ever likely to be—perfect. Companies can, however, put in place processes to determine where problems exist and provide for remediation, innovation and learning that help to improve the situation. Defining where needs exist is the role of the **innovation and improvement** systems associated with TRM approaches, with the help of a responsibility management measurement system that provides relevant **indicators**.

Indicators: the responsibility measurement system

Managers in the companies studied emphasised that responsibility management necessitates new approaches to measurement and information dissemination. TRM approaches, as a result, involve measuring operating practices, stakeholder relationships and results in new ways and on multiple bottom lines. Taking a TRM approach involves creating accounting and reporting systems that satisfy the needs of internal stakeholders and managers for information that improves company performance and simultaneously satisfy the demands of external stakeholders, including unions, NGOs, investors, governments and local communities. Additionally, feedback is essential internally for perfor-

mance enhancement, while responsibility management implies external accountability and, to make that real, transparency.

TRM approaches deal with multiple objectives, frequently the triple bottom line of economic, social and environment (Elkington 1997), and measurement and performance systems need to reflect the added complexity of these objectives. Single-bottom-line performance assessment systems are increasingly outdated, with the advent of multiple-bottom-line auditing systems, strategic system audit models (Bell *et al.* 1997), holistic performance assessment models (Lewellyn and Sillanpää 2001) or balanced scorecard (Kaplan and Norton 1992) approaches. As stated in the following quote from a country manager for a multinational operating in Asia, there is a need to quantify the current state in meeting responsibility goals so that the company can make appropriate changes.

You need to measure very well . . . Quantify where you are, so you know where the problems are. [Considering overtime as one example of an area addressed by responsibility objectives] if you know you are working certain amounts past maximums, you can then push and see how much pain there is. At the start, managers didn't know—they may be working 29 of 30 days during peak months, and you won't even know.

Appropriate measures can improve performance, because, as the accounting axiom goes, what gets measured and rewarded is what gets done. Thus, TRM approaches cover far more than simple productivity and financial performance because responsible practice is integral to all of a company's operations. Human resource practices need to be assessed to ensure that they are in line with the core values and codes of conduct the company has established. Customer and marketing practices are directly related to product quality, customer satisfaction and corporate reputation, among other factors. Community relations performance can be assessed, for example, by the Boston College Center for Corporate Citizenship's standards of excellence. Similarly, quality can be addressed through a wide range of quality standards, such as the Baldrige, European Quality Award or Deming Prize (Japan) criteria (see Curkovic *et al.* 2000 for a comparison of these criteria). Social auditing methods, such as internal responsibility audits of employee, community, quality and environmental processes (Waddock and Smith 2000) or more stakeholder-oriented auditing techniques such as those of Accountability in the UK (Zadek and Evans 1993) can provide useful information, although similar methods can also be developed and applied in-house.

Transparency and accountability

Indicators, as found in the responsibility measurement system, are key to providing the necessary information for improving the system for organisational decision-makers, and doing so in a cost-effective and often profitable way; but they are a first step. Transparency provides the means for holding the company accountable for its impacts. Access to information and its reporting methods can provide a dynamic tension that moves a company forward, supporting its continuous improvement of practices. Internally, measurement systems stretch up and down through the organisation. Access to information can help managers to determine whether actions need to be taken to improve practices. Visibility helps to ensure that this access to information enhances performance, putting pressure on those who can influence the process of achieving responsibility goals to make choices that are based on responsibility considerations.

Transparency and accountability is also focused externally. Managers interviewed stressed that a responsible company knows that it is accountable to multiple stakeholders for its operating results, financial performance, and stakeholder and ecological impacts. In many cases, data from the responsibility measurement systems is used to produce responsibility reports addressing internal and external (or boundary-spanning)

practices and the impacts of corporate activities. Through transparency—that is, the issuance of triple-bottom-line reports—companies can develop better relationships with employees and other key stakeholders, such as activists, customers and communities, not to mention owners. In addition to the supportive pressure to improve that results from transparency and its attendant accountability, triple-bottom-line reporting can lead to the development of trusting relationships with key stakeholders because the data is perceived as both valid and reliable.

Innovation, improvement and learning systems

Implementing a responsibility vision is an ongoing, cyclical process of continual innovation and improvement, remediation for wrongs and organisational learning. Innovation and learning systems provide managers with guidance and structures that encourage responsible practices and provide an emphasis on continued organisational learning and development, pushing it towards ever more responsible practice. Remediation links to the foundational values agreed by the international community and the specific responsibility vision of the corporation by focusing on continually learning and improving practices that may meet basic standards but could be performed better. Further, remediation provides a mechanism for immediately eliminating practices that are found to be intolerable under the foundational values.

TRM approaches to learning and innovation are systemic and multi-dimensional. Multi-dimensional means that information systems provide inputs at the corporate level on success of organisation-wide efforts, or on crises that require top-level action. Multi-dimensional innovations also require inputs at the country level and within factories or operations dispersed around the globe, to flag local issues that need consideration. As with TQM, inspection, measurement and analysis are expected to take place at the point where the work occurs to provide adequate feedback to improve performance. Such systems can extend responsibility measurement to the lowest levels in the hierarchies of firms, providing individual managers and employees with guidance on problem-solving. As with other holistic approaches to organisational learning (e.g. Senge 1990), TRM approaches mean an iterative process of improvement over time rather than a single initiative that is implemented and then ends.

TRM: an integrated system

The TRM approaches described above in what is admittedly a brief outline represent an integrated approach to implementing responsibility objectives, with elements that work together rather than independently or in isolation. We believe that the evolution of TRM approaches today is about where TQM approaches were in the early 1980s and that they are likely to become more established in the future. As with TQM approaches, each element of a TRM approach reinforces and is interdependent with the others to create a context in which all stakeholders involved in the system are aware of the responsibility vision, values and strategies, and the practices that achieve the vision. TRM is a set of processes and goals to be achieved, but not a strict set of guidelines for performance. Thus, the TRM approach represents a *framework* within which a company can plan and organise responsibility for its practices and impacts. In this respect, TRM is a tool similar to those developed for quality management that can be implemented in unique ways by each company that adopts it.

Self-assessment is a critical component of TRM. While we believe that external evaluation, monitoring and certification are important, TRM approaches are based partly

on a self-monitoring framework. This helps a company and its workers to figure out where its problem areas are and make improvements in large part by the active involvement of workers and a well-functioning process of dialogue. By identifying stakeholders and the impacts that company practices have on them, and by engaging in a dialogic process to improve its stakeholder relationships, a company will be better prepared for problems when they do arise—and more likely to be able to avert many altogether.

Although managers may be looking for *the* solution to deal with the increasing pressures they face to act responsibly, this paper argues that there is no simple solution. The commitment to effective responsibility management is both broad and deep for the firm. To ignore this reality by looking to codes of conduct or monitoring and verification systems to make the problems go away is to ignore the reality of what it takes to implement corporate objectives that are affected by almost all components and activities of a firm. TRM approaches can potentially provide a means for integrating external demands and pressures for responsible practice, calls for accountability and transparency, the proliferation of codes of conduct, managing supply chains responsibly and in a sustainable manner, and stakeholder engagement into a single approach for responsibility practices within the firm. Are any companies now implementing complete TRM systems? Not in our view. But as in the early days of TQM, the pieces are in place in many companies. Recognising the need for integration as a means of controlling the complexity they would otherwise face, many companies are clearly beginning to move in the direction of total responsibility management.

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