Introducing Social Responsibility in Local Government Bodies and the Golden Thread Project

1. Introduction

Social responsibility is not defined as such by laws, directives or national regulations. It is, however, the subject of numerous discussions, for example in the Green Paper promoting a European framework for corporate social responsibility published by the European Commission in 2001. Along with the other fields, the Green Paper defines the internal dimension of social responsibility, which relates above all to investment in intellectual capital and the health and safety of employees. Many organisations publicly set out their corporate social responsibility policy in their mission statement, where the concept and practice of corporate social responsibility relates to the entire range of activity of the organisation and the relations that are established in this context.

The purpose of the article is to present an example of a Slovenian approach to changing the attitude of employers towards their employees and to examine the possibility of applying this approach in the field of local government. Introduction of the methodology of the Golden Thread project in the wider environment would also enable a comparison (from the point of view of the model) of relevant results between organisations in the private and public sectors (businesses, state administration and local government). Although several key differences exist between them, it is true for all of them that the introduction of those aspects of social responsibility relating to employees, partners and the wider community make it easier for them to achieve their goals – greater profits in the case of businesses and better quality work and efficiency in the case of the public administration.

Keywords: employee satisfaction, best employer, social responsibility, human resource management.
2. An attempt to define the situation in the field of social responsibility and employees in the public sector in Slovenia: The Golden Thread project

When we talk about the internal dimension of corporate social responsibility, we have in mind above all the attitude towards employees (or human resource management), health and safety at work, adaptation to changes and the attitude towards protection of the environment in so far as this relates to the management of natural resources used in production. Socially responsible activities can bring an organisation many “internal” advantages. These activities help develop new resources and possibilities connected with knowledge and corporate culture. If an organisation manages human resources effectively, this can mean a reduction of costs and an increased employee productivity. Socially responsible activities, which include fair pay, a clean and safe working environment, training opportunities, flexible working hours, etc., can bring a direct benefit to the organisation because they increase employee satisfaction and in this way increase productivity and reduce sick leave and employee fluctuation (Branco and Rodrigues, 2006, 121). Similarly, socially responsible activities contribute to increasing the attractiveness of an organisation as an employer, allowing organisations to develop their competitive advantages (Greening and Turban, 2000).

Studying employees frequently stops at the level of identifying their demands with regard to corporate social responsibility and the categorisation of socially responsible policies or practices. This means, however, that the question of the perceptions that employees have of these practices, and their impact on employees in relation to the organisation, remains relatively unresearched. The behaviour of an organisation (or the perception of it) can influence the behavioural, cognitive and affective responses of its members. The behaviour which employees value can thus lead to employees being satisfied with their work and committed to the organisation (Ellemers et al. 2011).

Employee satisfaction is the foundation for the development and success of every organisation and it is therefore no surprise that social responsibility is an increasingly frequent topic of discussion. The Lisbon Declaration, adopted in 2000, contains the ambitious goals of the European Union to increase social security while at the same time ensuring a competitive and dynamic knowledge-based economy capable of sustainable economic growth with more and better jobs and greater social cohesion (Green Paper, 2001, 6).

There is no doubt that a shift to a new paradigm is needed, which means that managers need to look again at their approach to organising, directing and motivating employees. Excellent organisations are distinguished from average ones by the fact that they understand their employees, adapt to them and cultivate an organisational culture which increases employees’ sense of belonging. Employees who are satisfied feel loyal to the organisation and can identify with its goals, values and interests. They are also more effective and more efficient (Erickson and Gratton, 2007).

Ideas about transferring social responsibility models to the public sector have been appearing in Slovenia for more than a decade, with researchers frequently drawing attention to the firmly entrenched positions that impede their introduction. These include, on the one hand, a belief in legal determinacy, and, on the other, a belief in the urgent need for a transformation of such definitions.

To this end a pilot version of the Golden Thread project was tested in 2009 in the public administration (specifically in local administrative units, which are that part of the state administration of Slovenia that provides services to citizens at the local level). The idea is that the state, as an employer, should attempt to develop an environment that does not only realise its mission by meeting the needs of citizens, but also develops in the direction of employee satisfaction. Satisfied employees (in this case public servants) would in this way be able to effectively direct their knowledge, talents and abilities towards developing the state administration.

Local government organisations provide services to citizens in the same way that administrative units do, and since both are part of the public administration we would also like to test the potential contribution of the Golden Thread project in the field of local government. It is important that individual municipal administrations, just like businesses and the state administration should be good employers.

The Golden Thread project involves identifying and promoting the best employers and examining the quality of the relationship between organisations and their employees. The project follows guidelines in the employment and workforce field and corresponds to the European criteria, innovative thinking, the knowledge economy and creativity.
The methodology of the project also takes into account the success of the organisation as a criterion for finding the best employer in the sense of corporate social responsibility. The model covers five dimensions of selection (Kuhelj Krajnović in Krmelj, 2007):

1. Measurement of the quality of the employee-organisation relationship
2. Success of the organisation
3. Identifying leadership of the organisation
4. Opinion of the general public – readers’ votes
5. Final assessment of selection committee

The project methodology is based on the belief that the connection between employee satisfaction and the success of an organisation is an extremely important one. For this reason the best employer is not defined merely on the basis of the relationship between employee and organisation. The assessment also takes into account success, which is determined both by commercial success and by success (recognisability, desirability) as perceived by customers.

The content-based part of the selection process focuses on establishing the quality of the employee-organisation relationship. This is established by surveying employees. The questionnaire consists of 39 questions and takes into account not only concepts of motivation but also internal exchange relationships and the design of work. On the basis of the statements included in the questionnaire on the quality of the relationship between employees and organisations, the values of six dimensions are verified (assessed), which together with the analysis of individual answers from the organisation formed the triangle “investment – human being – marketing”, and in this way places the employee (indirectly and directly) at the centre of innovative and marketing changes. These dimensions are:

- the fundamental relationship between the organisation and the employee;
- the role and quality of the work of the individual in the organisation;
- organisational culture, climate and relations;
- quality of the working environment;
- personal growth and development; and
- enterprise and innovation.

The questionnaire, which is completed by the specialist services of the participating organisations, consists of 20 questions. The assessment of success is complemented by indicators of return on equity, growth of operations and added value per employee, all of which are available in annual reports and specialist financial databases. On the basis of the first two phases, taking the average of the results from the employee questionnaire (60%), the BSC questionnaire (20%) and financial indicators (20%), the list is drawn up of the 101 best employers, who represent the finalists.

3. An attempt to define a broader applicability of the Golden Thread project methodology

The attempt to define a broader applicability of the methodology of the Golden Thread project has been carried out for the purpose of using methodology in the field of public administration and, in particular, local government.

When carrying out the study we were first interested in differentiating (in the sense of statistically significant differences in the answers to individual questions) between organisations in the business sector and administrative units, as representatives of the public restriction. Although research into the situation was carried out within the context of the project, correlations between the two sectors were not identified. A comparison was made of the results of research carried out in businesses and in the public administration in order to identify statistically significant differences in the answers to individual questions.

The principal problem and the subject of study in the context of the research was to establish whether the Golden Thread questionnaire is suitable both for the business sector and for the public administration, and to identify the differences that appear within the public administration, i.e. between the state administration (administrative units, which were already included in the project) and local government.
A questionnaire on the quality of the employee-organisation relationship prepared according to the methodology developed specially for the Golden Thread project was used for the needs of the research. The questionnaire consists of 39 questions divided into six thematic categories as follows:

- The fundamental relationship between organisations and employee – represents one of the essential relationships in an organisation. Within this dimension we find answers to the questions of whether employees know what is expected of them at work.
- The role and quality of the work of the individual in the organisation – this is that part of the “mosaic” that leads to satisfaction and the fulfilment of the vision and goals of the organisation.
- Characteristics of organisational culture, climate and relations – “soft” aspects of the organisation represent one of the important factors of its operations.
- Enterprise and innovation – the spirit of enterprise and innovation of every link in the organisation and of the organisation as a whole are verified in the following dimension, where autonomy at work is established along with choices of ways and means to achieve work goals and the existence of the possibility of contributing to improvements and new approaches;
- Quality of the working environment – this dimension refers above all to ascertaining the situation as regards the distribution of working hours, work outside normal working hours, duration of working hours.
- Personal growth and development – within this dimension answers are sought with regard to the implementation of suitable measures for the personal growth and development of employees.

Table 1: Number of questions by individual dimensions

<table>
<thead>
<tr>
<th>DIMENSION</th>
<th>No. of questions</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fundamental relationship between organisation and employee</td>
<td>5</td>
<td>12.8</td>
</tr>
<tr>
<td>Role and quality of the work of the individual in the organisation</td>
<td>9</td>
<td>23.1</td>
</tr>
<tr>
<td>Some characteristics of organisational culture, climate and relations</td>
<td>8</td>
<td>20.5</td>
</tr>
<tr>
<td>Enterprise and innovation</td>
<td>7</td>
<td>17.9</td>
</tr>
<tr>
<td>Quality of the working environment</td>
<td>6</td>
<td>15.4</td>
</tr>
<tr>
<td>Personal growth and development</td>
<td>4</td>
<td>10.0</td>
</tr>
<tr>
<td>Total</td>
<td>39</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: own material

Each set of questions comes with a five-point scale which employees use to express their agreement or disagreement with the statements. A score of 1 means that the respondent strongly disagrees, while a score of 5 means that the respondent strongly agrees. If a respondent is unable to answer a specific question, he or she may choose a sixth possibility – Don’t know/Cannot answer. The questionnaire includes six dimensions (Table 1) containing a total of 39 questions.

4. Study of the applicability of the methodology of the Golden Thread project to local government

The study designed to establish whether the methodology of the Golden Thread project could be applied to local government ran from October 2009 to November 2012. The study took into account various sources: for the business sector and administrative units, research was carried out in 2009; and for the local government, our own research was carried out in 2011. The study covered 9,082 employees in all three sectors, 88 of them in urban municipalities, 7,350 in the business sector and 1,742 in administrative units. Although there are 211 municipalities in Slovenia, those selected for the study were all urban municipalities,¹ which

¹ An urban municipality is a municipality that includes a large town/city. In Slovenia, Article 16 of the Local Government Act provides that a town/city can obtain the status of urban municipality if it has at least 10,000 inhabitants and is the geographical, economic and cultural centre of its gravitational area. Under exceptional circumstances, a town/city may obtain the status of urban municipality for historical reasons. The state may transfer to the urban municipality specific functions from its own competence relating to the development of the town/city.
are mutually comparable and differ significantly in terms of functions and size from the other municipalities in the country. The questionnaire designed to study the fundamental employee-organisation relationship was the same as in the previous study covering the business sector and administrative units.

All urban municipalities were invited to take part in the study following talks between the researchers and municipal chiefs. Of the 11 urban municipalities in the country, five agreed to take part. By agreement with the directors of the municipal administrations, we sent each municipality an individualised link to an online questionnaire. The directors of the municipal administrations then forwarded the link to their staff by e-mail. The completion of the questionnaire was anonymous. The completion was expected to take 10 minutes. The links to the online questionnaires for each individual municipality were accessible to all participants from 6 to 20 May 2011. The study carried out in urban municipalities represents the first study of its kind, with the exception of one urban municipality which, at its own request, took part in the Golden Thread project in 2009 and used the results for internal purposes.

4.1 Assessment of results by individual dimensions and comparison between sectors

The article presents an analysis of the selected six dimensions of relations between employees and organisations with regard to sector. In order to identify statistical differences between business sector organisations, the state administration and local government, individual pairs were formulated. Thus, for example, comparisons were made between the business sector and local government, between local government and the state administration, and between the business sector and the state administration. A comparison was also carried out between the business sector and the non-business sector, i.e. the public administration, in which the results for the state administration and local government were combined.

<table>
<thead>
<tr>
<th>DIMENSION</th>
<th>business sector</th>
<th>administrative units</th>
<th>urban municipalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fundamental relationship between organisation and employee</td>
<td>3.85</td>
<td>4.04</td>
<td>3.72</td>
</tr>
<tr>
<td>Role and quality of the work of the individual in the organisation</td>
<td>3.74</td>
<td>3.93</td>
<td>3.48</td>
</tr>
<tr>
<td>Some characteristics of organisational culture, climate and relations</td>
<td>3.72</td>
<td>3.87</td>
<td>3.26</td>
</tr>
<tr>
<td>Enterprise and innovation</td>
<td>3.56</td>
<td>3.71</td>
<td>3.19</td>
</tr>
<tr>
<td>Quality of the working environment</td>
<td>3.64</td>
<td>3.91</td>
<td>3.49</td>
</tr>
<tr>
<td>Personal growth and development</td>
<td>3.40</td>
<td>3.64</td>
<td>3.17</td>
</tr>
<tr>
<td><strong>Total mean score</strong></td>
<td><strong>3.67</strong></td>
<td><strong>3.86</strong></td>
<td><strong>3.39</strong></td>
</tr>
</tbody>
</table>

Source: own material

Table 2 shows the mean values from the study by dimensions and the total mean value for an individual sector. It can be seen that the lowest total mean value (3.39) is achieved by urban municipalities, with the business sector scoring a total mean value of 3.67 and administrative units achieving 3.86, which is also the highest total score in the study. The mean values of individual dimensions are lowest in urban municipalities for all dimensions. The share of statements in which statistically significant differences appear ranges, for the individual compared pairs, from 46.15% to 92.3%, while in the comparison between the business sector and the non-business sector statistically significant differences appear in 87.17% of statements.

When reviewing variances in the comparisons of variables by individual dimensions, statistically significant differences are not perceived between the comparison of the business sector and other municipalities in the first, fifth and sixth dimensions. In the second, third and fourth dimensions, on the other hand, the results in all observed pairs in all dimensions are almost identical and statistically significant differences appear.

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**Table 2:** Mean values by dimensions

1Figures for the business sector and administrative units were obtained for the purposes of the study by the project coordinators.
The occurrence of statistically significant differences (graph 1) also differs by dimensions across the compared pairs. In the first dimension, which defines the basic employee-organisation relationship, statistically significant differences are not present in 33.33% of all questions in the dimension in question in the comparison of statements between urban municipalities and the business sector. The second dimension covers a set of nine statements defining the field of the role and quality of work of the individual in an organisation. Statements for which statistically significant differences do not appear represent 22.22% of all statements in this dimension.

The third dimension contains eight statements defining the field “Some characteristics of organisational culture, climate and relations”. Verification reveals that between individual pairs of variables statistically significant differences may be seen in the majority of cases, and are only not present in 12.5% of all statements.

The fourth dimension includes seven statements relating to enterprise and innovation. Statements for which statistically significant differences do not appear represent 19.04% of all statements in this dimension. Within the fifth dimension we find five statements from the field of quality of the working environment. Statements for which statistically significant differences are not present account for 33.33% of all the statements in this dimension. The sixth dimension contains four further statements defining personal growth and development; statements in which statistically significant differences are not present account for 33.33% of all the statements in this dimension.

In view of the fact that the business sector and the non-business sector are separated by a number of significant differences, the comparison between these two sectors carried out in the study is also interesting. Scores range from 1.29 to 4.73.

Testing with a T test showed that statistically significant differences can be seen between the two variables in the majority of cases. Taking all 39 statements, statistically significant differences are not present in only five statements. These five statements represent 12.8% of all statements.

### Table 3: Variances between compared samples by dimensions

<table>
<thead>
<tr>
<th>DIMENSION</th>
<th>BS–UM</th>
<th>UM–AU</th>
<th>BS–AU</th>
<th>BS–PA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.116</td>
<td>0.001</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>2</td>
<td>0.001</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>3</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>4</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>5</td>
<td>0.081</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>6</td>
<td>0.079</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>total</td>
<td>0.000</td>
<td>0.000</td>
<td>0.031</td>
<td>0.008</td>
</tr>
</tbody>
</table>

Source: own material
In the case of the business sector and non-business sector pair, the comparison of the six dimensions involves two samples that are not homogeneous, and the differences in scores for an individual dimension are statistically significant at the selected 5% level of risk. Regardless of the fact that the differences are statistically significant, we can confirm that Golden Thread is suitable for all types of organisations, both in the business sector and in the non-business sector, and reflects the actual situation assessed according to identical criteria.

### 4.2 Findings and proposals

The total values by dimensions for relationships with the employees and organisations range, in urban municipalities, from 3.17 and 3.72. Of the six dimensions, the dimension assessing the field of personal growth and development was the one that scored lowest.

The second lowest score was for the enterprise and innovation dimension, with a score of 3.19. This was followed by the dimension describing the characteristics of organisational culture, climate and relations (3.25), after which came the role and quality of the work of the individual in the organisation (3.48), quality of the working environment (3.49) and, with the highest score, the dimension relating to the basic relationship between organisation and employee (3.72).
The results of the study enable us to identify the current situation in the urban municipalities. Judging from the results, the two most critical dimensions are those relating to personal growth and development and to enterprise and innovation. The effect of the study conducted is apparent, in the first phase, in the perception of the problem, and, in the following phase, in the introduction of methods to improve the situation in those dimensions that proved in the study to be the weakest. Enterprise and innovation, which represent the willingness of employees to contribute their share to overall success, are the two factors that contribute significantly to the performance of an organisation. The effect of the proper measures, carried out on the basis of the results obtained, will be apparent in employee satisfaction, which will consequently mean an increase in the efficiency of local government bodies. By repeating the verification using the same methodology, the urban municipalities will be able to check actual progress and identify those dimensions in which further measures will be necessary.

The findings of the study are intended to aid the further introduction of social responsibility in local government bodies, and at the same time represent an attempt at defining whether it is reasonable to implement the Golden Thread project in all organisations, regardless of whether they are part of the business sector, the state administration or local government.

A subjective assessment of the results, i.e. the average values for individual statements, reveals that at least in the majority of cases these do not differ to the extent that the Golden Thread methodology would not be suitable for local government. The average values of the total mean scores are 3.39 for urban municipalities, 3.67 for the business sector and 3.86 for administrative units, where urban municipalities stand out with the lowest score (1.22) and administrative units with the highest score (4.73), although these two scores appear in different dimensions and with regard to different statements. The difference between the highest and lowest average scores is 0.468. In this regard, the scores range within comparable averages, which means that the methodology is also suitable for local government.

The study carried out within the administrations of urban municipalities shows that the total average score of respondents from municipalities which decided to participate are lower than the results of administrative units and organisations within the business sector, which indicates a greater need to study human resource management and employee satisfaction in the field of local government.

The results of the study point to further research which could define in more detail the differences between the sectors, what causes these differences and what explains them. Essentially, the study has given answers to fundamental questions of which the common element is employee satisfaction, irrespective of whether this regards the business sector, the state administration or local government.
Our own study carried out in urban municipalities as a supplement to the research carried out within the project represents an experiment in applying the Golden Thread project to different environments. The Golden Thread project is well established in the business sector, while within the state administration it has been tested in administrative units. This was, however, the first time it was implemented in the sphere of local government. The use of a uniform method to establish the situation in as many organisations as possible, for which the uniform Golden Thread methodology would be used, would enable a uniform approach to promoting the introduction of social responsibility in an individual organisation on the basis of a uniform model, developed from research.

When comparing three different pairs of variables, statistically significant differences do not appear in the comparison between urban municipalities and businesses in as many as 21 statements. In the comparison of administrative units and urban municipalities they appear in four statements, while in the comparison of administrative units and businesses they appear in three statements. In view of the fact that, on an average, statistically significant differences do not appear in 23.9% of all statements, we might conclude on the basis of the study that across the compared variables, given the 76.01% share of all statements in the area of statistically significant difference, the methodology is not suitable for local government. However, there are fewest statistically significant differences (46.15%) between urban municipalities and businesses, even though these are two completely different sectors. It is therefore possible to conclude that the methodology is suitable for local government, even taking into account the fact that the differences may be statistically significant, while the practical importance of differences does not appear to be so great that these would mean that the methodology is unsuitable. A subjective assessment of the results for individual statements reveals that, at least in the majority of cases, these do not differ to the extent that we could say that the Golden Thread methodology is not suitable for local government.

A precise confirmation of the suitability of the methodology could be provided by in-depth statistical processing of the results, with an identification of the size of the effect that would point to the practical importance of the results, although the study as such would not indicate statistically significant differences and vice versa.

The statistically significant deviations that appear in individual statements following a general assessment of the comparison of variables represent differences between the sectors. In a comparison of the results between urban municipalities and the business sector, the share of statements in which statistically significant differences appear is 46.15%, while in the comparison between the business sector and the non-business sector this figure is 87.2%, which points to differences between the sectors. The research points to the need for further steps, since if in its first phase it identifies statistically significant differences between the sectors, the next logical step and continuation of the research is to ask why these differences occur or how they can be explained. Statistically significant differences represent, as well as an opportunity to research what causes these differences, the chance to identify the areas in which one compared sector is better than another and can represent an opportunity to transfer good practices.

The methodology presented here represents a new approach to changing the attitude of employers towards their employees and long-term guidelines for the development of human resource management in the broader field of human activity.

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