



SOCIAL RESPONSIBILITY

# Making Social Responsibility the Standard

by Dorothy Bowers

**F**or more than three decades, the International Organization for Standardization's (ISO's) agenda has been to assemble affected parties in a process to voluntarily turn conflicting standards into something everyone can agree on. Our world would be in chaos without the ISO standards—the hundreds of reconciliations that facilitate world trade of manufactured goods.

Ironically, the two most widely sold of all the ISO standards do not deal with manufactured goods at all. They are the two management system standards—ISO 9001 for quality management and ISO 14001 for environmental management. Industries, under pressure to show quality and environmental issues were being managed appropriately and in a format that fulfilled the need for conformity

and third-party certification, somewhat reluctantly supported development of these standards.

Faced with proliferating national standards, many large multinational enterprises (MNEs) supported the ISO management standards because they saw no better alternative. Few of the organizations initially involved in writing them anticipated the value the standards actually have delivered.

## A New Playing Field

In 2003, in response to some constituencies who were calling for a management system standard for corporate social responsibility (CSR), ISO formed an advisory group to evaluate the need and options for a CSR standard. They found many similarities to the situation that preceded the formation of the quality and environmental standards. No fewer than two dozen national, international and freelance CSR standards existed, many of them very different. Most existing standards were voluntary, but it was nonetheless apparent MNEs were being pressured by stakeholders to be as publicly transparent about their social responsibility activities as possible.

While social responsibility was clearly a different playing field than quality or the environment, there was still a similar mix of enthusiasm and reluctance among the players when it came to developing a standard. The social responsibility angle would bring a much broader and different set of stakeholders into the development process, and not all were supportive of the movement. While some consumer organizations

## In 50 Words Or Less

- The International Organization for Standardization is developing ISO 26000, a voluntary social responsibility standard.
- The development has encountered roadblocks, as the wide variety of stakeholders learn to work together.
- For ISO 26000 to be effective, it must prove it can be as valuable as ISO 9001 and 14001 have been.

saw a social responsibility standard as a way to start over, others were skeptical about their influence in how the final standard would come out, saying they had been shortchanged in the 14001 writing process.

Labor, represented by the powerful and influential International Labor Organization (ILO), feared an ISO social re-sponsibility standard might erode the gains it had made internationally and saw it as a threat. Government attitudes ranged widely from hopes a social responsibility standard would give them powers not granted statutorily to concerns it could conflict with or undermine hard-won, existing international agreements.

Various other interest groups, including academics, certification bodies and consultants, were hopeful a social responsibility standard would generate the same level of business that grew up around ISO 9001 and 14001. A host of freelance standards providers were torn between the hope an ISO standard might lend legitimacy to their own standards and the risk it would be enough competition to drive them out of business.

### Getting off the Ground

Following an ISO conference to examine the need for an international standard, the ISO Technical Management Board (TMB)<sup>1</sup> went to its national standards bodies (NSBs) in October 2004 with a new work item proposal for "ISO 26000: Guidance on Social Responsibility." According to the proposal, the new standard is intended to:

- Assist organizations in addressing their social responsibilities while respecting cultural, societal, environmental and legal differences and economic development conditions.
- Provide practical guidance to operationalize social responsibility, identify and engage with stakeholders and enhance the credibility of reports and claims about social responsibility.
- Emphasize performance results and improvement.
- Increase confidence and satisfaction in organizations among their customers and other stakeholders.
- Be consistent and not in conflict with existing documents, international treaties and conventions, and existing ISO standards.
- Promote common terminology in the social responsibility field.
- Broaden awareness of social responsibility.
- Not reduce government's authority to address organizations' social responsibility.

The NSBs approved the work item, selected leadership and got to work—albeit with significant constraints. ISO and the ILO signed a memorandum of understanding effectively giving ILO veto power over labor related sections of the standard if it deems parts inconsistent with current ILO conventions and guidelines.

The TMB itself has limited the standard to providing guidance only—it is not to include requirements and thus will not be a certification standard. It is also not to be a management system standard, according to the TMB. And the scope was expanded from CSR to social responsibility, meaning the standard will apply to all organizations, not just corporations.

Further complicating things, national delegations must consist of at least one person from each of six categories—industry, government, labor, consumers, nongovernmental organizations (NGOs) and others. The "others" are determined by the national delegations. Each of the six categories effectively has veto power, since consensus, according to ISO, means lack of sustained opposition from a significant player.

ISO secretary-general Alan Bryden says the TMB's decisions were "based on a thorough analysis of trends and initiatives relating to social responsibility and the active involvement of all interested groups of stakeholders."

He also appeals for support and promotes the new standard, pointing out how it signals the growth of ISO. "This new venture is obviously of great interest to stakeholder groups such as consumers, NGOs, labor and regulators, whose participation and input ISO both needs and values," Bryden says.

Despite the enthusiasm of ISO leadership and more than 200 people attending the first meeting of the working group on social responsibility and 400 at the second, participants may actually be more defensive than enthusiastic. The ILO is participating, but only under the security of its memorandum of understanding. The Global Reporting Initiative (GRI), a privately organized and funded NGO that develops standards, is participating, but certainly in part to protect its own interests. Other NGOs and consumers who are participating would prefer a mandatory minimum standard that could be more demanding than a national labor or environmental standard.

Governments, to the limited extent they are participating, are either protecting their turf or seeking powers they do not have statutorily or financially.



The “others” category is such a broad mix that the group’s stance becomes diluted.

The reaction in the United States is mixed. Among the participants in the U.S. technical advisory group (TAG) on social responsibility,<sup>2</sup> the second most populous category is “others,” with members from law firms, consultancies, universities and the press. The initial TAG included no labor representative, one person from a consumer organization and three from NGOs. The National Institute of Standards and Technology, which is representing the U.S. government, may lack funding for international travel.

Not surprisingly, the majority of the U.S. participants to date are from industry. But the industry pool is tiny compared to the more than 400 members of the U.S. TAG to technical committee (TC) 207, the group that wrote ISO 14001, at its zenith. It seems unlikely many more industry representatives will come on board, leaving the responsibility to the handful of people now at the table.

Yet, a quick internet search will show many major U.S. corporations espousing social responsibility. And there are still optimists, but even some of the people who have been engaged since ISO first launched the project are having doubts. Robert Noth, manager of engineering standards for Deere & Co. says, “I’m still skeptical in the long run that even if it takes the best form it will be as valuable as some people think.”

### What ISO 26000 Needs

Is this déjà vu? Some of us feel as though we have already been here. Initial participation in TC 207 was similarly defensive. Governments participated to ensure ISO did not tread on their existing regulatory structures, businesses participated to ensure the requirements of ISO 14001 would not be impossibly demanding, and NGOs wanted to avoid giving credit to organizations for compliance without some level of enhancement. The business world didn’t begin to appreciate the potential benefits of ISO 14001 until well into its development, and it wasn’t until after businesses implemented the standard and realized improvements that governments began to value it as a credible model.

Could the reluctant participants in the working group for social responsibility experience a similar epiphany? The answer will depend on the value the standard provides to each participant. By looking at experiences with ISO 9001 and ISO 14001, we can predict what it will take for stakeholders to see the same level of value in ISO 26000.

**1. Substance.** First and foremost, ISO 26000 must have enough substance to make a real contribution. A lowest-common-denominator standard will have value to none of the participants. The challenge will be to produce something substantial in a six-party stakeholder structure that values consensus enough to give each category veto power, with super-veto power in ILO’s hands.

ISO 26000 must also be substantial enough to

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add something thing new to the existing pool. In its directions to the working group on social responsibility, the TMB compiled a list of almost 100 standards and other systems that already exist.

**2. Universality.** The standard must truly address the social responsibility of all organizations and not be a corporate social responsibility standard in disguise. It will have to define social responsibility in its broadest terms—not just as it applies to corporations but also as it applies to environmental, labor and political organizations, governments, consultants and standards bodies, the military, attorneys, financial institutions, schools and healthcare organizations. Indeed, it must be relevant to any organization with an implied or explicit social contract.

If the working group finds a single standard isn’t detailed enough to provide real guidance to such a broad reach of participants, separate standards for separate sectors may be required. The problem with this is that a detailed sectoral standard might limit the flexible pursuit of social responsibility rather than stimulate its maturation. Also, each stakeholder category must accept the inherent applicability of the standard to itself.

**3. Noninterference.** The TMB cautioned the working group to avoid taking on roles that belong to government and other bodies, such the GRI. ISO 9001 and

ISO 14001 were careful to provide models of good management without transgressing into the roles of contracts and government regulations. However, both were criticized by some for failing to wield the same power found in contracts and regulations.

**4. Peer pressure.** A critical number of organizations will have to see sufficient value in the standard to warrant its implementation and encourage its use through their supply chains or organizational relationships. ISO 9001 was significantly driven this way. ISO 14001 was too, but primarily in the auto manufacturing sector. Pressure to use ISO 26000 will come from external drivers—communities, governments, NGOs—although peer pressure will also be influential. That pressure will not build, however, until influential organizations see sufficient value.

**5. Attractiveness to small businesses.** The first targets of ISO 26000 will be MNEs and some large independent organizations such as academic institutions, activist groups and labor unions. The majority of early adopters of ISO 9001 and 14001 were MNEs. Both programs were difficult to sell to small- to medium-sized enterprises (SMEs). Most SMEs that have complied have done so because of supply chain pressures from MNEs.

A social responsibility standard will be an even harder sell to SMEs. There is a valid argument that a public corporation's first responsibility is to its shareholders and that social responsibility is important but secondary. For an SME, the first responsibility is to the owner—the sole shareholder. The responsibility of providing for the owner's family may outweigh social responsibility.

**6. Clear applicability to government.** All U.S. federal facilities are required to implement an environmental management system. Many of them have enthusiastically chosen ISO 14001 and are finding considerable benefits. Local governments around the world have used both ISO 9001 and 14001 extensively.

Whether a voluntary standard on social responsibility should apply to governments is not as clear. Can we view social responsibility as voluntary for the government, which is supposed to uphold a social contract between elected officials and citizens? Will ISO 26000 be a tool for citizens or neighboring governments to pressure noncomplying governments into bringing their practices up to a higher level?

**7. Work with certifiable standards.** Because they are certification standards, ISO 9001 and 14001 ensure conformance and third-party certification. ISO 26000 must show it is just as valuable even though it is a

guidance standard. In fact, it must work with these certifiable standards. Quality has historically been required by contract, environmental compliance, or government regulation. Voluntary standards have found a place in helping organizations meet those contractual and regulatory obligations. ISO 26000 must do the same for social contracts.

### Tempered Enthusiasm

For ISO 26000 to provide the same level of value ISO 14001 and 9001 have, it must succeed in every one of these aspects. This will be much more difficult for the working group on social responsibility to pull off than it was for either TC 176 (which wrote ISO 9001) or TC 207, largely because the stakeholder consensus process will either mean everyone is satisfied with the standard, which is not likely, or that no category feels any pressure, which would probably not produce a substantial standard.

But some of the impediments of ISO 26000 are also its saving graces. The fact that it covers social responsibility in the broadest sense and applies to all of us gives it more substance and value. That it will be voluntary and not certifiable also means compliance is more valuable, and it helps the development process by making it less likely to be vetoed.

### NOTES

1. The TMB is ISO's governing body. NSBs are the organizations that pay to be members of ISO; they vote on new standards. For example, the NSB in the United States is the American National Standards Institute (ANSI). In the UK, it is the British Standards Institution.

2. The U.S. TAG is administered by ASQ on behalf of ANSI. New participants are welcome in all categories, but particularly in the consumer, labor and NGO categories, in which current participation is low. Participants work within their own categories and across categories to craft input, which U.S. delegates carry to international negotiations. The annual membership fee is \$500. E-mail [abaue@asq.org](mailto:abaue@asq.org) for more information.

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