

How organizations can deal with social responsibility in respect of sustainability

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Published in "Future Perfect" a co-publication between Tudor Rose and UNDESA for Rio+20, the United Nations Conference on Sustainable Development

Origins of social responsibility

Concept with multifaceted origins, social responsibility should be seen as an essential element of the implementation of sustainable development and part of governance issue.

Based on theoretic consideration, four different approaches of social responsibility can be considered: instrumental, political, integrative or ethical (Garriga & Melé, 2004). Instrumental theories focus on economic objectives of social activities, seeking for competitive advantages or image through cause related marketing. Political theories promote a responsible business power in the political arena, referring to a corporate citizenship based on a social contract between business and the society. The integrative theory is focused on global performance integrating the social demand through a stakeholder management. The ethical approach aims the contribution to sustainable development, the achievement of a good society through the contribution of private enterprise to universal human rights and common good production.

But referring to implementation and political considerations we can consider two main visions of CSR. The first historically known as "contractualist", relies on an approach that takes into account the interests of stakeholders. The second, described as "institutionalist", favors the "performance", advocating enterprises to reach goals that go beyond existing legal compliance and seek for universal rights. They refer to two opposite visions of collective action.

The contractualist vision is upward oriented. It considers a kind of social contract between the actors of society. The companies assume a responsibility which goes beyond its basic responsibility to its shareholders, a responsibility to a broader constituency that includes various stakeholders. This approach gives great importance to the managerial process of how the company identifies and engages with these stakeholders. According to this logic, the public goods are being produced through the free interaction of moral actors engaged in ethical behavior.

The second, the institutional approach is more recent. It is downward oriented as it is part of the awareness of the limits of governance, including international, and the research of regulation in environmental and social domains. Companies are asked to commit themselves voluntarily to go beyond compliance with regulatory requirements. Public goals are defined and implemented in the framework of public institutions.

The emergence of CSR in international institutions occurs precisely five years after Rio. The conclusions of Rio were focused on public policies, and the commitment of developed countries to devote 0.7% of GNP to development aid, in exchange of environmental commitments of developing countries. But the early 90s mark the beginning of globalization and the understanding that private investment has a greater impact on development than Official Development Assistance (OSA), and that among the 100 largest economies there were 50 countries (counting GNP) and 50 multinationals (counting their turnover).

Thus in 1997 the Global Reporting Initiative driven by UNEP, businesses and NGOs, has developed a reporting framework and guidance materials for companies with a set of indicators. Two years later,

launched by the United Nations Secretary General Kofi Annan at the World Economic Forum in Davos in January 1999, the Global Compact encourages participating companies to respect nine principles with regard to human rights, freedom of association, working conditions and environmental protection, followed later in 2005 by a tenth principle on corruption and to publish their improvements in each area once a year.

The history of sustainable development is marked by the successive emergence of different concepts integrating the previous one's (environment, sustainable development, social responsibility, green economy) but also by the influence of stakeholders who contribute to these concepts (see figure 1). The relationships between these networks of influence and governments negotiating in the multilateral system are essential in global governance for sustainable development. The Rio Agenda 21 devoted the third part of Agenda 21 to " Strengthening the Role of Major Groups " acknowledging that nine sectors of civil society have a key role in sustainable development and are granted with a consultative status: women, children and young, indigenous peoples, non-governmental organizations (NGOs), local authorities, employees and unions, business, scientific and technical communities and farmers. The influence of these actors has varied over time in parallel with the concepts they carry. Social responsibility, and more, the green economy, provide an important role for the business.

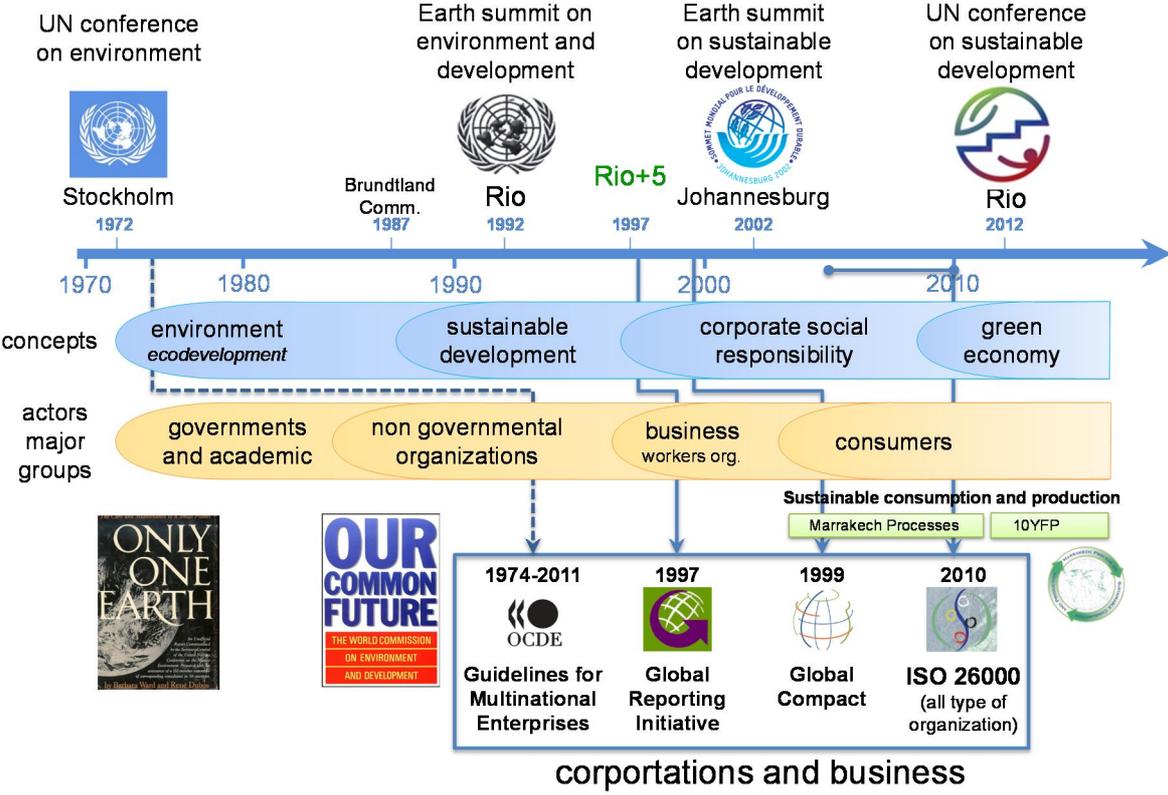


Figure 1 : Main miles stones of sustainable development

It is within this international context that ISO has launched the redaction of guidance for social responsibility in 2005 called ISO26000 (ISO 26000:2010(E)). ISO (International Organization for Standardization) is a network of the national standards institutes of 163 countries. Traditionally dominated by the business, it has implemented a new process for the development of ISO 26000: 450 participating experts and 210 observers from 99 ISO member countries and 42 liaison organizations. Each ISO member countries were invited to nominate experts from six main

stakeholder groups: consumers; government; industry; labour; non-governmental organizations (NGOs); and service, support, research, academics and others. After five versions of the text and eight international meetings the final text has received only five negative votes in summer 2010.

The contents of ISO 260000

ISO 26000 contend hybrids both institutionalist and contractualist models, and provides a globally relevant guidance on social responsibility, for private and public sector organizations of all types and all size.

It strengthens the legitimacy and efficiency of law, as respect for the rule of law is identified as being mandatory, and therefore the institutions that are in charge of it. Using the levers of voluntary engagements with stakeholders of the contractualist model allows processes of creating shared value. Applicable to any type of organization the 26000 allows organizing the dialogue between public and private actors, pertaining to civil society and the business world. Based on common principles it contribute to create the trust necessary for this cooperation and targeting specific areas of action with examples it lower the transaction costs in organizing dialog on common issues.

ISO 26000 defines social responsibility as the "responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that

- contributes to sustainable development, including health and the welfare of society;
- takes into account the expectations of stakeholders;
- is in compliance with applicable law and consistent with international norms of behaviour; and
- is integrated throughout the organization and practised in its relationships"

This definition illustrates the hybridization of the two models identified above: points 1 and 3 belong to an institutionalist vision, while points 2 and 4 relate to a contractualist vision.

When an organization assumes its social responsibility, its primary objective is to maximize its contribution to sustainable development. It is recommended that the organization takes into account the social, environmental, legal, cultural, political and diversity of organizations, in consistency with international standards of behavior derived from customary international law or intergovernmental agreements. It is encouraged going beyond legal compliance.

The identification of social responsibility comprises identifying the areas concerned by the direct impacts of decisions and activities of the organization, and the impact of other organization which are in its sphere of influence, and how it should address these areas of action to contribute to sustainable development. The identification of social responsibility by an organization also means the recognition of its stakeholders and the respect and consideration of their interests.

Organizations should base their behavior on standards, guidelines or rules of conduct that are in accordance with the seven following principles of right or good conduct:

The **principle of accountability**, whereas an organization should be accountable for its impacts on society, the economy and the environment and should accept appropriate scrutiny and a duty to respond to this scrutiny.

The **principle of transparency** meaning that an organization should disclose policies, decisions and activities for which it is responsible, including their known and likely impacts on society and the environment.

The **principle of ethical behavior** considering that an organization's behavior should be based on the values of honesty, equity and integrity, and being concerned by people and the environment.

The principle of recognition of stakeholder interests considering that an organization should not only respect, consider and respond to its owners, members, customers or constituents, but more widely to other individuals or groups that may also have rights, claims or specific interests that should be taken into account.

The **principle of respect for the rule of law** meaning that an organization should accept that respect for the rule of law is mandatory and that an organization should comply with all applicable laws and regulations, and informs those within the organization of their obligation to observe and to implement those measures.

The **principle of taking into account international norms of behavior** in which the organization adopts the generally accepted principles of international law and does not being complicit in the activities of another organization that are not consistent with those international norms of behaviour, especially in situations and in countries where the legislation or its implementation does not include adequate environmental or social safeguards.

The **principle of the respect for human rights**, by which organization recognize both their importance and their universality, that is, that they are indivisibly applicable in all countries, cultures and situations, and avoid taking advantage of the situations where human rights are not protected.

One might also note here again the hybridization of the two models; the first four principles are contractualist in nature and the last three institutionalist.

ISO 26000 then details seven core subjects and associated issues relating to social responsibility, for which information is provided on the perimeter of each core subject, on its relation to social responsibility, together with considerations and principles and detailed specific actions and associated expectations.

The first core subject is the **governance of organization** itself which should be based on incorporating the principles of social responsibility in decision making and implementation and focusing on all core subjects, view in their interdependence, with an integrated and holistic manner. This governance includes both formal governance mechanisms based on defined structures and processes and informal mechanisms that emerge from the organization's culture and values,

Human Rights: organizations have a responsibility to exercise due diligence to identify, prevent and address actual or potential human rights impacts resulting from their activities or the activities of those with are in their sphere of influence. It covers the two categories of human rights: civil and political rights including the right to life and liberty, equality before the law and freedom of expression, and the economic, social and cultural rights and including right to work, the right to food, the right to the highest attainable standard of health, the right to education and the right to social security.

The **labour practices** of an organization encompass all policies and practices relating to work performed within, by or on behalf of the organization, including subcontracted work: employment and employment relationships and social dialogue, conditions of work, health and safety, social protection, human development and training in the workplace.

Environment for both side pollution prevention and sustainable resource use (energy, water and materials) with two themes climate change mitigation and adaptation and the protection of the environment, biodiversity and restoration of natural habitats.

Fair operating practices which covers prevention of corruption, responsible political involvement, the promotion of fair competition, social responsibility in the value chain and the respect for property rights.

Consumer issue including fair marketing, factual and unbiased information and fair contractual practices, protection of consumers' health and safety, promotion of sustainable consumption, education and awareness, consumer service, support, and complaint and dispute resolution, consumer data protection and privacy, contribution in the access to essential services.

Community involvement and development, through education and culture, employment creation and skills development, technology development and access, wealth and income creation, health and social investment

How to approach CSR

ISO 26000 guidance is oriented toward mastering of impacts and performance, is not a management system that establish requirements, this is why it is not intended or appropriate for certification purposes or regulatory or contractual use. The important thing is what the organization really does, and not how it do. Ways serve purposes and not vice versa. The organization can profit from concrete actions it undertakes.

Even if it meets the expectation of society, social responsibility should not be seen as a constraint or an obligation but as a strategy of the organization allowing it to create shared value for itself and for the various components of the society and the environment. It is not for the organization just a question of communication, a superficial "green washing" practice but an integral part of core organizational strategy, with allows renewing the design of its business, of its activities and its market. It can be a way to find opportunities for cooperation with stakeholders.

In this respect it should

- Consider the integration of the seven general principles an those associated to core subjects
- Identify its impacts on society, the economy and the environment, the community and stakeholders and the expectations associated
- Prioritize domains of action relevant and important in terms of risk and opportunity for both the organization, the society, the environment and stakeholders
- Estimate the level of organizational performance in different policy areas and the degree of maturity of managerial practices
- Identify relevant initiatives on the themes of social responsibility led by sectors, governments, territories, in which the company will be able to draw information, resources, capabilities and cooperation.
- Develop an action plan for the short, medium and long term for continuous improvement, eliminating the risk factors (such as regulatory non-compliance) and the themes of differentiation is incremental in terms ie. continuous improvement or breakthrough innovation
- Dialogue on the subject both internally and externally with stakeholders

Social responsibility in the context of sustainable development governance

ISO 26000 is not intended to replace, alter or in any way change the duty of the state to act in the public interest. But governments at all level can assist organizations in their efforts to operate in a socially responsible manner including the recognition and promotion of social responsibility.

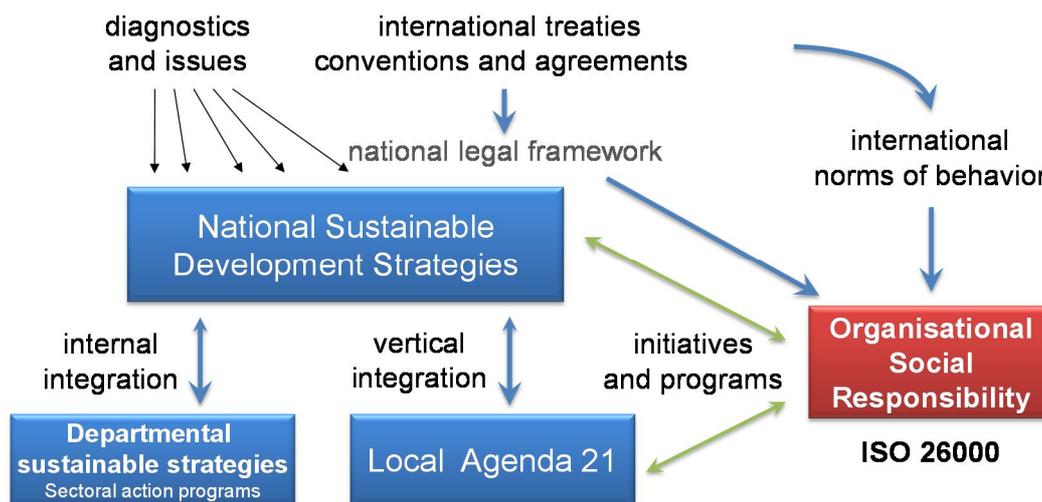


Figure 2 : Governance for sustainable development an overall architecture

As sustainable development must be designed and implemented at all levels – global, regional, national and local –, so should be the decision process : the governance is multilevel.

We can propose, therefore, a connection of social responsibility, as defined by the ISO26000, with the reflection engaged for Rio conference on governance (see figure 2).

At the international level, institutional issues concern both the process of coordinating various international policies and organizations, through the role of the Commission on Sustainable Development or the specialized agency that will extend it and strengthening of UNEP and its transformation in an international organization. At national level it is the development of national strategies on sustainable development and the declination of international agreements into national law. And at the local level the development of local strategies for sustainable development (so called Local Agenda 21). ISO 26000 may be the final element of this multilevel governance by integration in each organization. It recognizes the legitimacy of these institutions, thereby international law and intergovernmental agreements through the notion of international standard of behavior, the national recognition of national laws, and the identification of relevant policy areas and initiatives and actions relevant to sustainable development.

It is therefore necessary that institutions recognize social responsibility as a lever for implementing the law and their strategies and actions. It could facilitate the implementation of SR, support organizations involved, and implement initiatives and processes that advance the practice of SR.

This bridge between the institutions and the voluntary commitments and contracts between private actors, the merging of institutionalist and contractualist visions of SR has been established by the diversity of stakeholders who participate in the writing the ISO 26000. But the ISO system does not offer an implementation mechanism, leaving the market to act. It only established a monitoring process in preparation for the revision. It is therefore necessary to organize a global partnership on the implementation, which should have a similar composition with its development. It is the mission of UN partnership for sustainable development that is envisaged by the International Organization of La Francophonie and propose for discussion in Rio.

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