Social Responsibility and the Quality Professional

The Implications of ISO 26000
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Summary

While the importance of corporate social responsibility is generally accepted, there are as many definitions of social responsibility as there are organizations. This may explain why, in a recent ASQ survey, 40 percent of respondents noted that they are only “somewhat familiar” or “not really familiar” with the concept of social responsibility. The new standard ISO 26000: Guidance on social responsibility offers a definition of what it means to be a socially responsible organization and why it is important that companies adopt this position. Because of their role and expertise, quality professionals can be of great assistance in advancing a corporate strategy that has both socially-focused and bottom-line benefits. This paper reviews key elements of the new standard to enhance understanding and explore its implications for quality professionals.

This paper and its related survey are the result of a collaborative effort between ASQ and Manpower Professional.

Background

Organizations increasingly view their success as intimately tied to the success of the environments and communities within which they operate. More and more, attention is being brought to the impact or potential impact caused, and the positive influence that can be exerted within a global marketplace of limited resources and increasing need. The urgency of this attention is clear.

- More than three-quarters of the world’s people live in nations that are ecological debtors – their national consumption has outstripped that country’s biocapacity.
- Our global footprint exceeds the world’s capacity to regenerate by about 30 percent. If demands on the planet continue at the same rate, by the mid-2030s we will need the equivalent of two planets to maintain our lifestyles.

The requirement for corporate attention to this issue has been reinforced by stakeholders, aided by the ease of access to information. The Dow Jones Sustainability Index, websites like GoodGuide.com, and even Walmart’s initiative to have its suppliers provide sustainability data on their products have increased stakeholder power. A 2010 study by IBM, in fact, showed that 83 percent of CEOs believe customers will expect an increasing focus on social responsibility.

These demands can offer competitive advantage when used to propel innovation, better use of resources, enhanced productivity, and increased customer choice. Because of their knowledge and role, quality professionals can play an important part in bringing the opportunities of social responsibility to fruition and driving them across the value chain. In fact, in the 2008 ASQ Futures Study, social responsibility was elevated to the second leading force of change in quality. At the ASQ Social Responsibility Think Tank held in Milwaukee, WI in 2009, participants from a variety of industries agreed that while essential, most organizations did not have a strategic roadmap for success in this area.

As this drive continues to gather speed, it will be advantageous for organizational leaders and quality professionals to partner on the twin organizational objectives of social impact and bottom-line growth to drive sustainable organizational success.
ISO 26000 and the Definition of Social Responsibility

To bring focus to and offer a general roadmap for social responsibility, experts from more than 75 countries came together to develop ISO 26000: Guidance on social responsibility, released November 2010. The standard provides a common vernacular and outlines key areas of impact. ASQ assumed a major leadership role in the endeavor by serving as the U.S. Technical Advisory Group administrator.

In ISO 26000, social responsibility is described as a multi-faceted approach that, like quality, should be integrated into all aspects of how a company conducts its business:

Social responsibility is the responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that:

- Contributes to sustainable development, including the 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 behavior; and
- Is integrated throughout the organization and practiced in its relationships.

According to ISO 26000, social responsibility is not merely a “neutralizing” action applied at the end of production/distribution to fix what has been generated or displaced. Rather, it is a proactive mind-set that should be incorporated across all levels of planning, execution, and stakeholder interaction.

ISO 26000 acknowledges that applying a lens of social responsibility can be complex. Competing priorities, cultural differences, and other unique variables can create a muddied picture concerning “right” action. The document makes clear, however, that “a situation’s complexity should not be used as an excuse for inaction,” and that companies should proceed in good faith, applying the seven principles of socially responsible behavior as outlined in the standard (and discussed later in this paper): accountability, transparency, ethical behavior, respect for stakeholder interests, respect for the rule of law, respect for international norms of behavior, and respect for human rights.
Results of Social Responsibility

As a strategic driver, social responsibility holds the promise of doing good while contributing to the overall health of the organization. ISO 26000 defines the benefits of social responsibility to be that it promotes:

- Better decision making, knowledge of risks, and risk management.
- Public trust and strong organizational reputations.
- Competitive strength, including access to finance and “preferred partner status.”
- Positive stakeholder relationships.
- Innovation through exposure to new perspectives and contact with a diverse range of stakeholders.
- Employee safety, loyalty, and morale.
- Employee recruitment and retention efforts.
- Bottom-line savings due to increased efficiency of resource utilization, decreased waste, and reuse of valuable by-products.
- Reliability and fairness of transactions, fair trade, and the absence of corruption.
- Long-term viability of the organization through sustainable natural resources and environmental services.
- Public good, civil society, and institutions.

Doing Well by Doing Good

- MillerCoors’ partnership with The Nature Conservancy helps protect the Silver Creek Watershed in Idaho by helping farmers, including MillerCoors’ barley farmers, increase the efficiency of their irrigation systems, increase water conservation, and improve water quality.  
- In response to the devastation brought by the tsunami in the Indian Ocean in 2004, Manpower opened two vocational training centers in southeast India. The centers helped to propel economic recovery and develop an emerging market for Manpower.
- At Berea College in Kentucky, some 60 acres of the college’s 400 acres of land is set aside for organic farming which is used as both a teaching tool and a local food supply.
- Following the 2008 earthquake in Sichuan, China, Cisco committed to assist in its rebuilding. By leveraging information and communications technology, Cisco and its partners are building innovative models of 21st century healthcare and education that improve the local area and can be scaled across China, if not globally.
Many strategies that meld business and social/environmental goals are likely to involve quality professionals. According to the State of Corporate Citizen Survey by the Boston College Center for Corporate Citizenship.⁸

- **72 percent** of companies reduce costs by improving materials efficiency.
- **52 percent** design and offer sustainable products or services.
- **41 percent** design products and services that take into consideration impacts throughout the life cycle.
- **43 percent** advise their customers about sustainable choices of products/services.
- **31 percent** offer products that are certified and labeled as environmentally friendly or sustainable.

Many of these efforts are paying off in a number of ways. Research conducted by Ipsos MORI for Business in the Community (BITC) – a UK-based charity – compared shareholder return between 33 companies that had participated in the BITC Corporate Responsibility (CR) Index each year between 2002 and 2007, and are listed on the London Stock Exchange, with the FTSE 350 (the 350 largest companies listed on the London Stock Exchange). Analysis revealed companies focused on social responsibility (as underscored by their regular participation in the CR Index), outperformed the comparison group in total shareholder return by 3.3 to 7.7 percent each year.⁹

A follow-up study conducted in 2010 showed that in 2008, companies were equally impacted by the financial crisis. In 2009, however, those companies that had consistently participated in the CR Index recovered more quickly than the comparison group, providing an average shareholder return 10 percentage points higher.⁹

Principles of Social Responsibility and Their Application to Core Subjects

ISO 26000 lays out seven principles that serve as the foundation for socially responsible behavior. It is encouraged that these principles be applied across all organizational activities. Organizational leaders and quality professionals should serve as advocates for their constant application.

**Accountability**

An organization is answerable to those affected by its decisions and activities, as well as to society in general, for the overall impact on society and its decisions and activities.

**Transparency**

An organization should disclose, in a clear, accurate manner and to a reasonable and sufficient degree, the policies, decisions, and activities for which it is responsible, including known and likely impacts.

**Ethical behavior**

An organization’s behavior should be based on the ethics of honesty, equity, and integrity.
Respect for Stakeholder Interests
In addition to owners, members, and customers or constituents, other individuals or groups may also have rights, claims, or specific interests that should be taken into account.

Respect for the Rule of Law
An organization is to comply with all applicable laws and regulations. It informs those within the organization of their obligation to observe and to implement measures.

Respect for International Norms of Behavior
An organization respects international norms of behavior while adhering to the principle of respect for the rule of law. An organization should not stay silent in response to or benefit from wrongful acts.

Respect for Human Rights
An organization respects and fosters rights set out in the International Bill of Human Rights. This includes situations where human rights are not protected.

ISO 26000 then applies those principles to seven “core subjects” that describe socially responsible areas of activity or focus.

Taking a closer look at each of these seven core subjects, it is clear that quality professionals can play an invaluable role in advancing social responsibility goals that deliver bottom-line results by applying their expertise of such tools as 5S, kaizen, lean, Six Sigma, cause analysis and decision matrices.

Core Subject: Organizational Governance
Organizational governance is defined as the system by which an organization makes and implements decisions in pursuit of its objectives. To take root, social responsibility needs to become a measure of how an organization does business, how it applies the principles of accountability, transparency, ethics, and respect for laws, stakeholders, and the environment. Quality professionals can advance this core activity by integrating a social responsibility framework into how they view opportunities, proposals, and ongoing processes of the organization.
Core Subject: Human Rights

Two subcategories are noted within this core subject. The first concerns civil and political rights and includes such rights as the right to life and liberty, equality before the law, and freedom of expression. The second category concerns economic, social, and cultural rights and includes such rights as the right to work, the right to food, the right to health, the right to education, and the right to social security.

The document is clear that companies should, by reaching out to stakeholders and other parties, become informed about the conditions of and opportunities for populations that are or could be impacted by an organization’s production/delivery of services. The work of quality professionals intersects with these issues of human rights on several fronts, including supplier and workforce selection, and evaluation or mitigation of the impact of corporate actions on the ability of individuals to lead a healthy, productive life.

Core Subject: Labor Practices

The labor practices of an organization encompass all policies and practices related to work performed within, by, or on behalf of an organization. It also includes the responsibilities of an organization for work performed on its behalf by others, including subcontracted work.

Quality professionals can directly affect labor practices by ensuring that the processes requiring labor are efficient and safe—both within the organization and, to the extent possible, the organizations from which work is subcontracted or supplies procured. For example, many retailers have a “code of conduct” their suppliers must follow. Since quality inspectors regularly visit various suppliers to perform inspections, audits, etc., the responsibility for determining if a vendor environment is socially responsible may rest with the quality function.

Core Subject: The Environment

Environmental impacts may be associated with the organization’s use of living and non-living resources, the location of the activities of the organization, the generation of pollution and wastes, and the implications of the organization’s activities, products, and services for natural habitats.
The environment is arguably the core subject in which quality professionals can most strongly influence social responsibility. The choice of raw materials, processes employed, and resulting products and byproducts directly impact an organization’s environmental footprint. Bringing a keen eye and innovative approach to proactive environmental management can dramatically improve sustainability, lessen detrimental effects, and produce cost-saving solutions. For example, by integrating knowledge of customer behavior quality professionals can help refine processes that decrease the volume of product required for use (thus decreasing raw materials required) or increase ease of recycling.

Specifically, quality professionals can apply their expertise to:

- Assess environmental impacts before starting a new activity or project.
- Implement planning, design, and operating practices as a way to minimize possible environmental burdens.
- Implement resource efficiency measures to reduce use of energy, water, and other resources considering best-practice indicators and other benchmarks.
- Aim for carbon neutrality by implementing measures to offset remaining greenhouse gas (GHG) emissions.
- Progressively use a greater proportion of products from suppliers meeting the requirements of standards and certification schemes. In purchasing, give preference to products or services with minimized impacts.

**Core Subject: Fair Operating Practices**

*Fair operating practices concern ethical conduct in an organization’s dealings with other organizations and individuals. These include relationships between organizations and government agencies, as well as between organizations and their partners, suppliers, contractors, and competitors, and the associations of which they are members.*

Quality professionals can help drive fair operating practices by ensuring their activities support the integrity of the individuals and environments encountered. They can implement socially responsible practices throughout the value chain, including enhancing the capacity of all organizations in the value chain to meet socially responsible objectives.

**Core Subject: Consumer Issues**

*Organizations that provide projects and services to consumers, as well as other customers, have responsibilities to those consumers and customers. Responsibilities include providing education and accurate information, using fair, transparent, and helpful marketing information and contractual processes, and promoting sustainable consumption. They also involve minimizing risk from the use of products and services, as well as protecting the security of personal information and the privacy of consumers.*

Quality professionals already focus on maximizing customer value by decreasing error and improving functionality of company products and services. In fulfilling this social responsibility objective, quality professionals can also apply their expertise toward designing products that are usable by all people, to the greatest extent possible, without the need for adaptation or specialized design; eliminating/minimizing any negative health and environmental impacts of products and services such as noise and waste; and focusing on the reuse/repair/recycling of products and packaging.
Core Subject: Community Involvement and Development

Organizations have a relationship with the communities in which they operate. Community involvement is an organization’s proactive outreach to the community. It is aimed at preventing and solving problems, fostering partnerships with local organizations and stakeholders, and aspiring to be a good organizational citizen of the community.¹

ISO 26000 asserts that organizations are part of the communities they impact and not merely objective parties. As such, organizations have a responsibility to support and sustain those communities. Including the voice of stakeholders is viewed as critical, and quality professionals can help ensure those perspectives are integrated into decision making. In addition, quality professionals can influence how local suppliers and knowledge sources can be integrated and how organizational learning can be extended to the community.

Quality professionals can advance an organization’s social responsibility agenda by applying their knowledge and expertise to each phase of the product life cycle, as well as to the operation of suppliers and use of the product by consumers. For a more granular look at specific production considerations related to corporate responsibility, see Appendix C of ASQ’s Comprehensive Organizational Assessment: Checklist for 100 Corporate Sustainability Considerations to Benchmark.²

Survey Results

To better gauge the understanding and involvement of quality professionals in current strategies surrounding social responsibility, a survey was administered to a subset of ASQ members and nonmembers in September 2010. A total of 1,027 individuals participated, although participation across the questionnaire was uneven. This finding alone speaks to gaps in knowledge and highlights the opportunity for education both from an individual and organizational perspective.

Awareness/Leadership

Respondents were asked about their level of familiarity with the concept of social responsibility. Approximately 60 percent of respondents say they are very familiar/familiar, while 40 percent are only somewhat familiar or not at all familiar. This may relate to the fact that many organizations have yet to embrace social responsibility strategically and apply it consistently.

Supporting this finding is that three in 10 respondents either do not have knowledge of their organization’s activities or see them as limited or emerging:

- **12 percent** of respondents state they don’t know what their organization is doing in the area of social responsibility.
- **9 percent** see their organization’s efforts as solely focused on charitable giving.
- **5 percent** do not believe their organization currently engages in any social responsibility efforts.
- **4 percent** feel their organization is planning to integrate social responsibility into its strategies.

Among remaining respondents, 42 percent relay that their organization engages in social responsibility in some areas but does not have a fully integrated strategy, while only 28 percent say their organization’s efforts are fully integrated and proactive.

— ISO 26000
Responsibility for leadership of social responsibility efforts is clearly seen as coming from the top as two-thirds of respondents point to the C-Suite, an executive committee or upper management team as responsible for leading such efforts. When asked if their organization’s quality professionals are included in social responsibility efforts, approximately 40 percent of respondents either state that they do not know or they did not answer the question, indicating a high degree of uncertainty.

Among those who did respond:

- **51 percent** say “Yes,” quality professionals are included in organizational efforts around social responsibility.
- **21 percent** say “No.”
- **28 percent** say they “Don’t know.”

The overall picture is fragmented. Lacking clear directives and the involvement of quality, corporate efforts may not be maximizing potential benefits.

**Social Responsibility as a Driver**

Though respondents may lack an understanding of exact strategies, there is a general belief that social responsibility is good for business and that this will continue to grow in importance.

Because of the distance between quality professionals and the social responsibility activities of their organization, the results of the following chart may not accurately represent actual knowledge. Rather, they may speak to general perceptions about the likely impact on these areas. Those areas perceived to realize the greatest gain from such efforts are general reputation and the ability to take advantage of opportunities. Achieving financial outcomes, mitigating risk (which also carries a financial measure), and media relations are seen as less affected by social responsibility efforts.

**Social Responsibility Plays a Key Role In…**

<table>
<thead>
<tr>
<th>Our Organization’s Success*</th>
<th>Future Strategies and Direction**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree/Agree</td>
<td>Strongly Agree/Agree</td>
</tr>
<tr>
<td>65%</td>
<td>71%</td>
</tr>
<tr>
<td>Non-Committal</td>
<td>14%</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>9%</td>
</tr>
<tr>
<td>Disagree/Strongly Disagree</td>
<td>Don’t Know</td>
</tr>
<tr>
<td>12%</td>
<td>4%</td>
</tr>
<tr>
<td>4%</td>
<td></td>
</tr>
</tbody>
</table>

* n = 814
** n = 801

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### How Do Your Social Responsibility Efforts Impact the Following?

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Very/Positively Impact</th>
<th>No Impact</th>
<th>Very/Negatively Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>General reputation of your organization</td>
<td>81%</td>
<td>15%</td>
<td>4%</td>
</tr>
<tr>
<td>Your ability to take advantage of opportunities</td>
<td>71%</td>
<td>26%</td>
<td>3%</td>
</tr>
<tr>
<td>The reputation of your organization among investors, financial community</td>
<td>68%</td>
<td>29%</td>
<td>3%</td>
</tr>
<tr>
<td>The relationship of your organization to suppliers/potential suppliers</td>
<td>68%</td>
<td>24%</td>
<td>8%</td>
</tr>
<tr>
<td>Your organization’s ability to attract desired employees</td>
<td>67%</td>
<td>31%</td>
<td>2%</td>
</tr>
<tr>
<td>Your organization’s ability to attract customers</td>
<td>66%</td>
<td>31%</td>
<td>3%</td>
</tr>
<tr>
<td>Your organization’s ability to retain desired employees</td>
<td>60%</td>
<td>35%</td>
<td>4%</td>
</tr>
<tr>
<td>Employee morale and productivity</td>
<td>60%</td>
<td>35%</td>
<td>4%</td>
</tr>
<tr>
<td>Your organization’s ability to retain customers</td>
<td>58%</td>
<td>37%</td>
<td>5%</td>
</tr>
<tr>
<td>Your organization’s ability to achieve desired financial outcomes</td>
<td>56%</td>
<td>39%</td>
<td>4%</td>
</tr>
<tr>
<td>Your organization’s ability to mitigate risk</td>
<td>56%</td>
<td>36%</td>
<td>8%</td>
</tr>
<tr>
<td>The relationship of your organization with the media</td>
<td>49%</td>
<td>36%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Avg n = 616
Social Responsibility Impact on Quality

When asked if the ISO 26000 standard will impact the ongoing skills/behaviors required of quality professionals, most respondents are uncertain. This aligns with the fact that only 60 percent of respondents are familiar/very familiar with the concept of social responsibility. Lacking a fully fleshed out understanding of the issue and its ramifications, it may be difficult for respondents to speculate on the evolving role of the quality professional in this arena. It is likely that most are already engaged in activities that fall under the general heading of social responsibility (e.g., maximizing use of resources, minimizing waste), but lacking the actual definition or directive from their companies, fail to categorize it as such.

Advancing a Social Responsibility Strategy With Quality

For the quality professional to maximize his or her impact within social responsibility, as well as other core organizational efforts, strong relationships will need to be forged with leadership. In May 2010, ASQ convened an Executive Roundtable of senior-level leaders to discuss top CEO challenges and how the quality function can better support these critical initiatives. These findings can help set the stage for more effective interactions.

To better align with leadership, quality can:

- Build the business case for quality by tying the quality plan to the organization’s business plan. Show quality’s contribution to topline growth and bottom-line revenue. Have leadership sit in on quality reviews. Build relationships with leaders.
- Position quality as internal consultants and advocates, rather than “cops.”
- Make information visible and utilisable beyond the quality function. Train other areas of the organization on the use of tools and metrics so quality becomes standard measurement.
- Engage in feedback systems – surveys, hotlines, and social media.
- Know the competition and their strengths.
- Promote the best people to and from the quality function. Support growth through short-term assignments, job shadowing, visible career pathing, and flexible work arrangements.

As is suggested in the above list, enhancing skills in strategic planning, communication, negotiation, and conflict resolution will increase the effectiveness of quality professionals. Organizations can help to strengthen these skills through training, mentoring opportunities and project management; and seeking these competencies, even if not well developed, in new hires.

Social responsibility, however, also entails actions beyond legal compliance and the recognition of obligations to others that are not legally binding. These obligations arise out of widely shared ethical and other values.

— ISO 26000
To advance the tenets of social responsibility, it will be critical to help Quality Professionals refine their skills in:

- Strategic planning
- Communication
- Negotiation
- Conflict resolution
- Data capture, analysis, and packaging

Then, together, quality and leadership can:

1. Craft a policy addressing social responsibility and create a plan to implement it more fully. It can be helpful for organizations to select one to three critical areas for an initial focus, leveraging the organization’s mission. For each of these areas, create:
   - Measurable objectives, including interim goals.
   - A budget.
   - An implementation schedule.
   - A plan to determine if additional resources will be required.

2. Obtain support from other entities that will be affected by the organization’s commitment. Establish and conduct orientation/training sessions with management emphasizing the reasons for this focus and potential changes that may be needed to successfully implement social responsibility, timelines, and projected benefits for organizations and stakeholders.

3. Manage implementation of the plan using traditional quality and project management tools and techniques, including frequent feedback on progress and problems. Maintain continuous communication among management, quality, and the entire organization.

In Conclusion

The requirement for an enhanced focus on social responsibility is clear, even if measured only by the fact that finite resources and bottom-line expectations demand it. Inherent in this requirement is the opportunity to do well by doing good. Decreased costs, increased customer and employee loyalty, preferred supplier status and more can be gained by implementing a strategic social responsibility plan. As ASQ CEO Paul Borawski notes, “Quality is the methodology to advance the application of social responsibility.” The key for quality will be partnering with organizational leaders to raise the stature of this issue across the organization, and integrate it into all aspects of the product/service cycle. It behooves quality professionals to expand their understanding of social responsibility in order to identify opportunities and maximize their impact.
ASQ

ASQ is a global community of people dedicated to quality who share the ideas and tools that make our world work better. With millions of individual and organizational members of the community in 150 countries, ASQ has the reputation and reach to bring together the diverse quality champions who are transforming the world’s corporations, organizations and communities to meet tomorrow’s critical challenges. ASQ is headquartered in Milwaukee, Wis., with national service centers in China, India and Mexico. Learn more about ASQ’s members, mission, technologies and training at www.asq.org.

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