

ISO 26000 in Practice

Also available from ASQ Quality Press:

Sustainable Business and Industry: Designing and Operating for Social and Environmental Responsibility

Joseph Jacobsen

An Introduction to Green Process Management

Sam Windsor

ISO 26000:2010: Guidance on social responsibility

ISO

Corporate Sustainability Planning Assessment Guide: A Comprehensive Organizational Assessment

Donald C. Fisher

Transactional Six Sigma for Green Belts: Maximizing Service and Manufacturing Processes

Samuel E. Windsor

ANSI/ISO/ASQ E14001-2004: Environmental management systems—Requirements with guidance for use

ANSI/ISO/ASQ

The Certified Six Sigma Green Belt Handbook

Roderick A. Munro, Matthew J. Maio, Mohamed B. Nawaz, Govindarajan Ramu, and Daniel J. Zrymiak

The Quality Toolbox, Second Edition

Nancy R. Tague

The Certified Manager of Quality/Organizational Excellence Handbook, Third Edition

Russell T. Westcott, editor

The Certified Six Sigma Black Belt Handbook, Second Edition

T. M. Kubiak and Donald W. Benbow

The Certified Quality Engineer Handbook, Third Edition

Connie M. Borrer, editor

Root Cause Analysis: Simplified Tools and Techniques, Second Edition

Bjørn Andersen and Tom Fagerhaug

To request a complimentary catalog of ASQ Quality Press publications, call 800-248-1946, or visit our Web site at www.asq.org/quality-press.

ISO 26000 in Practice

A User Guide

Michelle S. Bernhart and
Francis J. “Sonny” Maher

ASQ Quality Press
Milwaukee, Wisconsin

American Society for Quality, Quality Press, Milwaukee 53203

© 2011 by ASQ

All rights reserved. Published 2011

Printed in the United States of America

17 16 15 14 13 12 11 5 4 3 2 1

Library of Congress Cataloging-in-Publication Data

Bernhart, Michelle.

ISO 26000 in practice : a user guide / Michelle Bernhart and Sonny Maher.

p. cm.

Includes bibliographical references and index.

ISBN 978-0-87389-812-6 (soft cover : alk. paper)

I. Social responsibility of business—Standards—Handbooks, manuals, etc. I. Maher, Sonny. II. Title.

HD60.B47 2011

658.4'08—dc22

2010049701

ISBN: 978-0-87389-812-6

No part of this book may be reproduced in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of the publisher.

Publisher: William A. Tony

Acquisitions Editor: Matt T. Meinholz

Project Editor: Paul O'Mara

Production Administrator: Randall Benson

ASQ Mission: The American Society for Quality advances individual, organizational, and community excellence worldwide through learning, quality improvement, and knowledge exchange.

Attention Bookstores, Wholesalers, Schools, and Corporations: ASQ Quality Press books, video, audio, and software are available at quantity discounts with bulk purchases for business, educational, or instructional use. For information, please contact ASQ Quality Press at 800-248-1946, or write to ASQ Quality Press, P.O. Box 3005, Milwaukee, WI 53201-3005.

To place orders or to request ASQ membership information, call 800-248-1946. Visit our Web site at <http://www.asq.org/quality-press>.



Printed on acid-free paper



Quality Press
600 N. Plankinton Ave.
Milwaukee, WI 53203-2914
E-mail: authors@asq.org

The Global Voice of Quality™

Table of Contents

<i>List of Figures, Tables, and Boxes</i>	<i>vii</i>
<i>Foreword</i>	<i>ix</i>
<i>Acknowledgments</i>	<i>xi</i>
Chapter 1 Introduction and Approach	1
1.1 A Unique Standard	1
1.2 Our Approach	2
Chapter 2 Building the Social Responsibility Foundation	7
2.1 Determining Your Social Responsibility Destination	10
2.2 Beginning the Paradigm Shift	13
2.3 Planning for Social Responsibility Implementation: The Self-Assessment	14
2.4 Planning for Social Responsibility Implementation: Identify and Build the Team	36
Chapter 3 Implementing Social Responsibility	47
3.1 Key Factors for Implementing the Standard	48
Recognize Current Social Responsibility Performance	48
Become Proficient in Some Social Responsibility Process Fundamentals	49
3.2 Determining the Sphere of Influence	49
3.3 Identifying and Prioritizing Stakeholders	54
Reference the Guidance of the Standard and of Other Documents	56
Identify Current Internal and External Stakeholders and Engagements	57
Reference the Organization's Social Responsibility Strategy, Policies, and Objectives	58
Map Current Stakeholders and the Type(s) of Engagements Involved and Planned	58

Prioritize Stakeholders and Decide on the Engagement	
Approach(es) for Each	59
3.4 Conducting Due Diligence	61
3.5 Identifying Relevant and Significant Issues	64
Using ISO 26000 to Identify What Is Relevant and	
Significant.	64
The ISO 26000 Criteria for Determining Social	
Responsibility Issue Relevance.	67
The ISO 26000 Criteria for Issue Significance.	72
The ISO 26000 Criteria for Issue Prioritization	75
3.6 Conducting a Social Responsibility Gap Analysis	78
Use and Enhance Existing Systems Where Feasible.	82
3.7 Using Your Current Management System(s) with	
ISO 26000	82
3.8 Choosing New Systems or Tools to Implement Your	
Social Responsibility Strategy.	89
3.9 Integrating, Measuring, and Reviewing Social	
Responsibility Performance	90
Integrate Social Responsibility into the Line	90
Measure Social Responsibility Performance.	93
A Brief Word on Governance	96
Chapter 4 Communicating, Monitoring, and Improving	
Social Responsibility	99
4.1 Applying Communications Principles.	100
4.2 Building Stakeholder Engagement and Aligning	
Communications	104
Making the Internal Case for Social Responsibility	105
Engaging External Stakeholders	106
4.3 Developing Key Messages and Planning Internal	
and External Communications	107
Crafting Key Messages	108
Developing the Communications Plan	109
4.4 Reporting	110
4.5 Enhancing Credibility	113
Creating Mutually Beneficial Alliances	115
4.6 Monitoring and Improving Performance	117
<i>References</i>	<i>121</i>
<i>About the Authors</i>	<i>123</i>
<i>Index.</i>	<i>125</i>

List of Figures, Tables, and Boxes

Table 1.1	Suggested steps for implementing ISO 26000.	4
Figure 2.1	The social responsibility continuum: where do you want to go?	10
Box 2.1	Sorting out the terminology.	11
Table 2.1	Self-assessment activities.	17
Table 2.2	Social responsibility context and characteristics (Midget Widgets).	18
Table 2.3	Assessing the implications of organizational culture on social responsibility implementation (Midget Widgets).	23
Table 2.4	Social responsibility actions, accomplishments to date (Midget Widgets).	27
Box 2.2	Finding your location on the continuum.	29
Box 2.3	Deciding when to set targets.	37
Box 2.4	How to channel employee initiative toward social responsibility objectives (Midget Widgets).	37
Table 2.5	Roles, responsibilities, and considerations.	39
Table 2.6	Social responsibility implementation plan.	46
Box 3.1	The value chain versus the supply chain.	51
Figure 3.1	Where to draw a reporting boundary?	53
Box 3.2	Sphere of influence.	53
Table 3.1	Sphere of influence summary table for Midget Widgets. ...	54
Table 3.2	Part of the Midget Widgets stakeholder map.	60
Box 3.3	The meaning of respect.	62
Table 3.3	ISO 26000 guidance on due diligence and interpretation. ..	63
Box 3.4	Legal requirements versus international norms.	65

Table 3.4	Criteria that ISO 26000 uses to determine issue relevance, and selected examples.	68
Table 3.5	Limited examples of issues with core subjects for Midget Widgets.	71
Table 3.6	The ISO 26000 issue significance criteria and comments on usage.	73
Table 3.7	Using ISO 26000 criteria to rank selected Midget Widgets social responsibility issues (simple and complex).	74
Table 3.8	ISO 26000 prioritization criteria and comments.	76
Table 3.9	Factors to consider when collecting and managing data.	77
Table 3.10	Identification of social responsibility attributes at Midget Widgets for gap analysis.	79
Box 3.5	Gap analyses and cooperative arrangements of initiatives/ tools/instruments and ISO 26000.	80
Table 3.11	An example of a limited social responsibility gap analysis for Midget Widgets.	81
Table 3.12	Guide to using ISO 14001 to implement ISO 26000.	83
Table 3.13	Social responsibility initiatives and tools for each step of plan implementation.	91
Table 4.1	Principles for implementing and communicating social responsibility.	102
Box 4.1	Types of greenwashing.	103
Table 4.2	Creating key messages for social responsibility communication and engagement.	108
Box 4.2	Key messages about social responsibility (Midget Widgets).	109
Table 4.3	Best practices for Web sites on social responsibility.	111
Box 4.3	Trends in social responsibility reporting.	114
Table 4.4	Questions to ask before creating an alliance for social responsibility.	116
Box 4.4	Additional communications and reporting resources.	118

Foreword

This is an important book. As we watch once trusted icons of strength and virtue succumb, one after another, to breakdowns in internal governance and to implausible but real failures to address clear responsibilities, ISO 26000 could not have come at a better time. Yet the greatest strength of this new ISO guidance standard on social responsibility—its all-encompassing scope and coverage of numerous social responsibility issues deemed important by the 400 multi-disciplinary, global stakeholders who developed it—is also intimidating to the potential user.

Bernhart and Maher show how to take the first bite of this apple, and the second, with each bite bringing the user a greater degree of comfort that their organization's essential obligations are recognized and on their way to being addressed. The standard is voluntary, but an organization's social responsibilities are fundamental to the right of existence. The organization can pursue its mission, but it must meet the expectations of civil society. Bernhart and Maher point the way for organizations to analyze the expectations that apply specifically to their organization, to map out and implement programs to address them and, indeed, to leverage them in support of their mission.

This book is not a substitute for the standard; it is a tool to bring the standard to life within an organization. Because many of those in its most likely audience are quality professionals, users are led to obvious linkages between quality and social responsibility and the importance of good management. Due to the concern of many authors that the standard could become a mandatory management system standard in parallel to ISO 9001 and ISO 14001, the standard was written as guidance. But clearly, ISO 26000 will be most effectively implemented by a thorough management system, one that links governance, quality, environment, safety, risk management, community relations, and other functions with the social responsibilities of the organization.

In particular, this book helps the user deal with the overwhelmingly broad scope of the standard. Bernhart and Maher lead the user into social responsibility implementation using ISO 26000 through the eyes of Midget Widgets, a hypothetical, small manufacturing company, using tools and language that will be familiar and comfortable even in the smallest organization. Yet even large, multinational organizations will find the book useful in taking social responsibility from the corporate headquarters to its multitude of facilities.

This book is easy to use and filled with helpful tips, tables, and examples, yet it will bear re-reading as the user undertakes social responsibility and begins to appreciate just how much valuable knowledge has been packed into so few pages.

—Dorothy P. Bowers
Chair, U.S. Technical Advisory Group
to ISO 26000 (2006–2009)

Copyrighted material

Acknowledgments

Michelle Bernhart. I am deeply grateful to my family—Priyanka, Alex, Anna, and Mike—who respected my wishes for solitude on too many evenings and weekends, when only the intermittent sounds of keyboard tapping (no doubt much of it backspacing over unsatisfactory text) hinted at my presence in the house. I also gratefully acknowledge the staff and executive board of the International Association of Business Communicators, whose support for this standard and my involvement in its development over almost four years contributed much to the guidance on stakeholder engagement, communications, and other parts of ISO 26000.

F. J. “Sonny” Maher. I dedicate my contribution to this book to my extended families in the U.S.A. and Australia. Special thanks go to Fosh and Xave. I am also most grateful to Mr. and Mrs. B. Shardplank Wooster for the illustrations.

The authors jointly express their thanks to Bill Tony, Matt Meinholz, Paul O’Mara, and the rest of the team at ASQ Quality Press. Their expert guidance and support helped to make this book’s development a pleasure. In addition, we have appreciated over the years the strong leadership and good humor of Jorge Cajazeira, Staffan Söderberg, Kristina Sandberg, Eduardo Campos de São Thiago, and the tireless Jonathon Hanks. We are grateful to each of you.

Finally, we are most indebted to the 400 members of the Working Group on Social Responsibility, whose diverse ideas, vigorous debate, diligent work, and shared commitment to reaching consensus on even the most controversial issues made this standard possible.

(This page intentionally left blank)

1

Introduction and Approach

The price of greatness is responsibility.

—Sir Winston Churchill

KEY QUESTIONS FOR CHAPTER 1

1. What is ISO 26000?
2. Why a book on ISO 26000?
3. What is the approach used in this book?

1.1 A UNIQUE STANDARD

ISO 26000 is a voluntary guidance standard that attempts what no other global standard on social responsibility has: to consolidate in one place the fundamental expectations of organizations regarding their responsibilities to society. Because the standard was developed by a global, multi-stakeholder group—consisting of thousands of contributors and reviewers from more than 90 countries—the standard addresses the wide landscape of social responsibility and provides valuable context for implementation in all types of organizations around the world.

For each of seven core subjects, the standard provides information on scope, relationship to social responsibility, related principles and considerations, and related actions and expectations. It also provides guidance for integrating social responsibility throughout the organization. This

integration is fundamentally transformative. It helps us connect the dots between social responsibility and quality, procurement, health and safety, communications, and many other functions, in turn strengthening each one.

ISO 26000 does this within the broader library of related standards that focus on one aspect of social responsibility, such as the Global Reporting Initiative *Sustainability Reporting Guidelines* (for public disclosure), AccountAbility 1000 series (for assurance), and ISO 14001 (for environmental management), as well as initiatives like the United Nations Global Compact, Equator Principles, and Millennium Development Goals, which provide far-reaching aspirations but little implementation guidance.

ISO 26000 closes the gaps in these and other global and geography- and sector-specific tools by providing guidance that can be applied by any type of organization at any point along the social responsibility journey. For these reasons, we believe ISO 26000 can be a catalyst for significant change in many organizations. However, it is not a step-by-step guide. Some readers of the standard might find it difficult to know where to start and how to use ISO 26000 to implement social responsibility. We hope this book will help do that by providing practical strategies, tools, and examples for using ISO 26000 to integrate social responsibility into your organization.

1.2 OUR APPROACH

The book is structured to help you navigate ISO 26000 and to provide succinct practical information for implementing the guidance provided by the standard. The book is akin to a GPS that speaks point-to-point guidance to you, the social responsibility driver, as you help your organization set and move toward its social responsibility goals based on the broader map that ISO 26000 provides.

We want to be very clear that the book should in *no* way be construed as supporting certification to ISO 26000. ISO has emphatically stated that ISO 26000 provides guidance only and is not designed for certification—and reputable certification bodies will comply with that policy. However, the book contains terminology that some of you may associate with certifiable management systems. The reason for using this terminology is that ISO 26000 encourages organizations to integrate social responsibility into their existing systems, and such management systems are common. However, it should also be clear that using a certifiable management system to help implement and integrate the guidance provided by ISO 26000 should not be used to claim certification to ISO 26000.

Copyright American Society for Quality

We have structured the chapters of this book based on our recommendations for implementing the standard in an organization. The chapters do not attempt to mimic the order of the clauses in the standard.

- Chapter 2 focuses on using the social responsibility expectations and principles in ISO 26000 to develop or enhance social responsibility policies and strategy. The chapter also introduces many of the topics that are explained in greater detail in later chapters.
- Chapter 3 provides much of the detailed implementation guidance on topics that Chapter 2 has outlined. This includes the nuts and bolts of stakeholder engagement, how to determine the significance of your organization's social responsibility issues, how your organization might conduct a social responsibility gap analysis against the standard's guidance, and other topics.
- Chapter 4 discusses how your organization can communicate about social responsibility, including ongoing communications and the practicalities of what is commonly referred to as sustainability reporting.

The book also does not attempt to provide a line-by-line interpretation of ISO 26000 because the standard's guidance is mostly clear and we did not want to write a 500-page book to interpret a 106-page standard. Nonetheless, we do strive to work from what the standard provides by, where practicable, referencing its clauses to begin the discussion of a topic.

The standard is somewhat repetitive on topics such as stakeholder engagement, due diligence, social responsibility integration, and the importance of contributing to sustainable development. There are two good reasons for the repetition: the topics are sufficiently important to warrant repetition, and they need to be reiterated to provide context or other information.

We use a range of tools in the book that we hope you find useful. One of these, the *sequence of steps*, warrants an introduction. As noted, the standard is by design not a management system standard; it provides guidance, not the prescriptive requirements of a management system standard. Therefore, we felt that you might benefit from a structured plan for implementing the standard's guidance—the sequence of steps is such a plan. Some of you may also find the sequence of steps useful when deciding how to read the standard. However, in no way should the sequence of steps be seen as promoting certification to ISO 26000. The sequence of steps is designed solely

to help you better understand and efficiently take advantage of what ISO 26000 offers. Table 1.1 lays out the structured plan along with the chapters of the book and the clauses of the standard that you may find most useful for each step.

It is important to note that the sequence of steps is presented to help overcome paralysis by analysis—it is designed to get you planning, moving, and using the standard. The steps that your organization follows may be sequenced differently from what we suggest. In practice, many of the activities listed occur in parallel, not in series. For example, top management (the standard uses the term “senior leadership”) may be reviewing social responsibility strategy at a high level while a core team is convening,

Table 1.1 Suggested steps for implementing ISO 26000.

Sequence of steps	Step purpose	Chapter	Most relevant ISO 26000 clauses	PDCA cycle
Conduct a self-assessment	To understand what’s working well, determine the destination on the social responsibility continuum, and set objectives	Chapter 2	Clauses 4, 7.2, 7.3.3	Plan
Identify and build the team	To provide for ongoing coordination and guidance of social responsibility strategy development and implementation	Chapter 2	Not covered directly in a specific clause	
Begin engaging internal and external stakeholders	To understand their social responsibility interests and concerns and begin communicating the organization’s social responsibility objectives and strategies	Chapter 2 introduces, and Chapters 3 and 4 provide more detailed guidance	Clause 5.3	

Continued

Table 1.1 *Continued.*

Sequence of steps	Step purpose	Chapter	Most relevant ISO 26000 clauses	PDCA cycle
Determine what is significant to your organization	To ensure that the organization focuses on the issues that are significant	Chapter 2 introduces, and Chapter 3 provides more detailed guidance	Clauses 5.3.3, 6.1	
Set measurable targets and draft the social responsibility plan	To have a disciplined and measurable approach to social responsibility performance and provide a road map for implementation across the organization		Clauses 5, 6, 7, Annex A	
Implement the plan and begin monitoring progress	To meet the commitments set by the organization	Chapter 3	Clauses 6, 7	Do
Communicate and report	To communicate the organization's commitments, performance, and progress to stakeholders through ongoing engagement and formal disclosures	Chapter 4	Clauses 7.5, 7.6	Check
Repeat the process of self-assessment, improvements, and ongoing communications	To assess whether the policies and plans are appropriate, and to assess opportunities for continual improvement	Chapter 4	All clauses	Act

Note: The inclusion of the PDCA cycle should *not* be construed to mean that organizations can be certified to ISO 26000. It is included to help individuals and organizations who use the cycle to orient their systems to ISO 26000 and the stepwise guidance that this book provides.

and both groups will likely participate in the self-assessment. Likewise, organizations are already engaging stakeholders and communicating; each step is therefore also a cue to make those efforts more systematic and better informed by the guidance in ISO 26000. Notwithstanding, the sequence of steps is arranged based on experience with social responsibility implementation, the basics of sound project management, and the systems model that underpins effective management.

We have a couple of additional thoughts before diving into the details. We acknowledge that the book's examples are biased toward the private sector. This should not be seen to undermine the standard's emphasis in clause 3.1 that social responsibility applies to all organizations. Also, we have included a couple of lighter moments in Chapter 3. These asides should in no way detract from the importance of social responsibility and the serious work that needs to be done in pursuit of sustainability. Social responsibility is fundamental to human welfare and to the state of the biosphere.

2

Building the Social Responsibility Foundation

Opportunity is missed by most people because it is dressed in overalls and looks like work.

—Albert Einstein

KEY QUESTIONS FOR CHAPTER 2

1. Where do you want to go with social responsibility?
2. What kind of organization do you want to become?
3. What will you need to get there?
4. How can ISO 26000 help?
5. How do you get started?

Two men and one woman entered the executive conference room at Midget Widgets and settled around the polished table. They greeted one another warmly, as they did every Monday morning for their usual briefing with the CEO. Phil, the executive vice president, reported on his daughter's softball game that weekend, noting with pride that the team was headed to the playoffs. Suzanne, the chief operating officer, was about to respond when she noticed a thick stack of documents in the center of the table. "What's this?" she asked, picking up a neatly bound copy. "International Standard," she read aloud, "ISO 26000, Guidance on Social Responsibility." "I've heard of that," said Phil, reaching for a copy. "They had a speaker from Price's Devices talking about it at the chamber of commerce meeting a

couple of months ago. Apparently, Price's Devices was involved in developing the standard and plans to use it in a big way." Mike, the chief marketing officer, quickly turned to the table of contents. He whistled. "Wow. And it is big. There's a lot here."

"Oh, good," came a voice at the door. "I see you've found our discussion topic for today." In walked the CEO, David, who explained, "Ted (the Environment, Health, and Safety [EHS] director) bought a copy because he thought it might have implications for our environmental management, and when he looked it over, he called to say I should take a look. Turns out it's a gold mine of information."

"Yes, it seems awfully comprehensive," said Suzanne. "Look at all the issues it covers."

"Right," said David, "and I'd like us to take a close look at ISO 26000 to see if it can help us figure out what to do about social responsibility. I know we need to pay more attention to it, but I haven't been sure where to start."

Mike nodded. "Last month we got questions from some of our biggest customers about our social and environmental commitments. And lately we've been noticing new questions in supplier surveys about the environmental impacts of our products. To tell you the truth, they're hard to answer. I've been meaning to bring this up."

"I heard from Linda [Human Resources director] that a few job candidates have asked what our stance on sustainability is and whether we give time off for volunteering. It's a great idea, but volunteering is not built into our cost model—that's for sure. Are we missing out on the best talent because we don't provide opportunities like that?" asked Phil.

"Since we're discussing this, I have to say I'm getting worried about those two new international components contractors. As you know, we started contracting with them for components in 2008, and I'm not sure our quality audits would pick up on some of the issues I see here in ISO 26000," Suzanne volunteered, thumbing through the document.

The group took a few minutes to browse the standard in silence. Then the questions and comments came rapidly.

"We've already got environmental and quality policies, a good compliance record, and strong core values. How much more would we need to do?"

"Cratchett Gadgets has started down this road, but they're bigger than we are. I don't know what they've gotten out of it yet besides some positive press, but maybe we should look into it."

"My top sales rep told me on Thursday he's worried we'll lose the Fabricators Inc. account to Cratchett. Could this be why?"

“How would we make social responsibility work with our business strategy? I believe in doing the right thing, but we’re not a nonprofit.”

“Right, and I’m not a tree hugger, but climate change is a factor. There may be some real risks we haven’t considered yet, like higher energy costs. We haven’t determined how that might affect our margin.”

“Our facilities are top-notch. I don’t think we have much to worry about there.”

“What about in our supply chain? Think about those two companies where we’re getting some components. Their quality and price are good, but how do we know they’re on top of this?”

“We’re already doing some things with social responsibility. Did you hear about the water conservation program someone got going in Lexington? It’s making a difference.”

“And Ted and Brian [Quality Management director] got that great health and safety program started—the early intervention initiative. They’ve seen some impressive results.”

“I’m glad to hear it, but we’re pretty lean, and our employees have enough to do already. We can’t ask everyone to take on social responsibility initiatives without some compelling purpose. How would we get 300 employees on board?”

“If we dive into social responsibility, who’s going to lead this? I’m not sure we have the right expertise in-house.”

“I’d definitely like to see the Communications and Marketing department involved. I know social responsibility has a lot to do with our engagement and reputation. What other expertise do you think we’d need? EHS for sure. Maybe legal?”

“Speaking of communications, Fabricators Inc. published a social responsibility report last year. I have a copy in my office. Should we be thinking about doing that?”

“It seems likely we have responsibilities we haven’t yet realized. Most companies do. How can we learn what they are?”

“Good point. I’ll bet there are some opportunities, too. I wonder what we could we get out of this. How could we—not to mention our employees and customers—benefit if we get this social responsibility thing right?”

“Philosophically, social responsibility is appealing, but we run a solid operation already. Is there a compelling business case for doing more?”

“There may well be,” David concluded. “The first step is to sit down with this standard and do a closer read. When we reconvene next week, we’ll compare notes. Come prepared to share your best ideas about moving ahead with social responsibility on a larger scale and how ISO 26000 might help. I think we’ve hit on something important here.”

This scenario, though fictional, is grounded in real conversations about social responsibility taking place in many organizations. It reflects the level of commitment, involvement, and decision making required of each organization’s senior leadership to implement social responsibility. Often, from these initial questions come still more questions that begin the social responsibility implementation and change management process. How do we use the ISO 26000 principles and expectations to set strategy? How do we create the necessary emotional appeal for change while also providing the specific direction? How do we determine where we want to go with social responsibility? What is the path to get there? This chapter helps answer these questions, drawing from the guidance in ISO 26000 to support you in building the necessary foundation for social responsibility implementation.

2.1 DETERMINING YOUR SOCIAL RESPONSIBILITY DESTINATION

In their initial discussion about social responsibility, Midget Widgets’ executives wondered what their organization’s responsibilities and opportunities might be, and how social responsibility implementation could benefit their organization. They hadn’t yet determined what had already been done or how far they want to go with social responsibility, but they will.

For Midget Widgets and every organization, social responsibility implementation is a challenging journey. See Figure 2.1 for an overview of

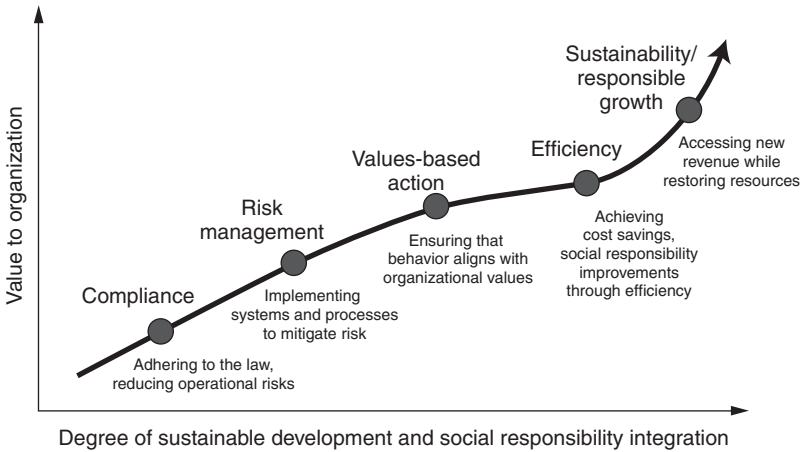


Figure 2.1 The social responsibility continuum: Where do you want to go?
Source: Adapted from IBM Institute for Business Value study “Attaining Sustainable Growth through Corporate Social Responsibility.”

BOX 2.1 SORTING OUT THE TERMINOLOGY

The terms *social responsibility*, *sustainable development*, and *sustainability* are often misunderstood and used inconsistently, which is why one of the aims of ISO 26000 is to help create uniformity of language.* Clause 3.3.5 of ISO 26000 describes the relationships between social responsibility and sustainable development:

“Social responsibility has the organization as its focus and concerns an organization’s responsibilities to society and the environment. Social responsibility is closely linked to sustainable development. Because sustainable development is about the economic, social, and environmental goals common to all people, it can be used as a way of summing up the broader expectations of society that need to be taken into account by organizations seeking to act responsibly. Therefore, an overarching objective of an organization’s social responsibility should be to contribute to sustainable development.”

It may also help to think of *social responsibility* as an organization’s responsibility to reach sustainability—an end point, the ultimate destination on the continuum—while *sustainable development* is the means of getting there. Of course, getting there involves myriad interdependent factors, including social responsibility principles, core subjects, and integration processes, as outlined in ISO 26000.

* Readers interested in the background, objectives, or process for developing ISO 26000 may want to visit www.iso.org/wgsr for a plethora of documents dating to 2005. For more about the standard’s origins and agreed-upon objectives specifically, see the New Work Item Proposal—Social Responsibility.

this journey and the typical milestones along the way, and Box 2.1 for clarification on terminology.

Organizations move from one phase of social responsibility implementation to the next, and may straddle several points at the same time because social responsibility performance often reflects a combination of these milestones. As the social responsibility change management process takes hold and the organization begins practicing sustainable development, it advances along the continuum toward a state of sustainability or responsible growth.¹

1. We are aware of the debates among ecological economists and others about the apparent contradiction between growth and sustainability. Consider, however, a company that replaced gasoline-powered vehicles with ones that ran on solar power. It could experience growth consistent with sustainability provided the vehicle’s other components and life cycle uses were sustainably realized.

As shown in Figure 2.1, the degree to which the organization is integrating social responsibility correlates with its location on the journey, and the greater the degree of integration, the more value the organization receives from social responsibility. The implementation journey includes five key milestones:

- The journey is underpinned by legal *compliance*, which ISO 26000 identifies as a fundamental prerequisite.
- It also includes *risk management*, although ISO 26000 points out that social responsibility should not be treated only as a form of risk management (clause 7.8.2). While risk mitigation is one outcome of (and may be one of the initial drivers for) social responsibility implementation, effective risk management alone does not indicate that an organization has met all of its significant social responsibilities.
- Most organizations also have in place a set of core *values*, expectations for associated behaviors, and processes to ensure accountability to these expectations. Some of these values may overlap with the ISO 26000 principles.
- Many organizations have also implemented *efficiency* initiatives, and may maintain systems for continually optimizing operational efficiency, although these may not have traditionally focused on social responsibility.
- The ideal is achieving *sustainability* or *responsible growth*, where the organization grows by practicing sustainable development, meeting its responsibilities and supporting the health and welfare of society. In the case of Midget Widgets, sustainable or responsible growth could occur when the company's devices replaced unsustainably produced alternatives, or where new products could be generated in ways that were sustainable. However, not necessarily every organization will want or be able to achieve sustainability or responsible growth. Some organizations may be satisfied with achieving efficient operations that neutralize or minimize impacts.

Ideally, senior executives are driving the overall implementation process (as is the case at Midget Widgets). ISO 26000 explains that when the organization's leadership has "a thorough understanding of the principles, core subjects and benefits of social responsibility," it "will greatly assist the integration of social responsibility throughout the organization and its sphere of influence" (clause 7.2) and that "commitment and understanding should start at the top of the organization" (clause 7.4.1). Determining the organization's destination on the journey is definitely a job for senior

leadership. Whatever the desired end point on the journey, they will need to make the case for social responsibility and have a plan for managing the change.

2.2 BEGINNING THE PARADIGM SHIFT

Implementing social responsibility is a transformative process that entails, among other things, clearly understanding the fundamental expectations of society (described throughout clause 6 of ISO 26000) and the organization's particular responsibilities. For most organizations, recognizing these responsibilities and achieving the desired social responsibility destination involve significant shifts in thinking and strategy. Some businesses, for example, may need to cast off the notion that making money and implementing social responsibility are mutually exclusive. In fact, they go hand in hand. As ISO 26000 observes in the introduction, "In the long run, all organizations' activities depend on the health of the world's ecosystems." The concept of *shared value*,² an approach that provides benefit for both society and an organization's own competitiveness, aptly describes the interdependence of organizations and society. Translating this concept into action may well require thinking of your organization in new ways and devising new strategies for its operation.

Of course, ISO 26000 is intended "to be useful to all types of organizations" (Introduction), and organizations in all sectors³ can leverage social responsibility for strategic success and responsible growth. While ISO 26000 does not provide guidance specifically for setting social responsibility strategy, it does assert that all organizations must be strategic in their social responsibility thinking, decision making, and actions, making sure social responsibility becomes an integral part of core organizational strategy, policy, processes, and activities (clause 3.3.4). It is not an afterthought, an add-on, or a short-term initiative. The strategic integration of social responsibility is about more than launching a few local recycling projects or installing a photovoltaic system in one location while continuing to run inefficient equipment elsewhere. These improvements may be good

-
2. First described by Michael Porter and Mark Kramer (2006).
 3. One point of clarification: if you are part of a government entity, it may be easy to misinterpret a note on the ISO 26000 definition of *organization* regarding the role of government (clause 2). The note intends to clarify that nothing in the standard is meant to interfere with government's ability to execute its regular duties. It does not imply that governments should not implement social responsibility using ISO 26000; in fact, government operations can benefit greatly by doing so.

early actions, but they do not mean an organization has made the essential shift, adopted a new way of thinking, a fresh approach to making decisions, or a considerable change in operations.

Most importantly, clause 4 of the standard provides the fundamental principles (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) for use in determining your destination, direction, and strategies. They are central to the necessary paradigm shift by serving as a beacon to point you in the right direction, inform new strategies and objectives, and provide the basis for assessing decisions and actions. Clause 6 outlines the expected behaviors and actions that align with these principles once you have begun implementing social responsibility. And clause 7.4.2 indicates that an organization should set its direction by making social responsibility an integral part of its policies, culture, strategies, structures, and operations.

At the planning stage, however, the principles help you determine where you want to go on the continuum and how you want to get there, building the base on which long-term social responsibility implementation will occur. The rest of this chapter provides the necessary steps for building this foundation.

Many good resources are available on change management, so we have not covered the details in this book, but we would be remiss if we didn't at least point out that change management requires three basic elements: 1) an emotional appeal or case for the change, 2) attention to the specific activities required to effect the change, and 3) a path for the change. The role of senior leadership in each of these is paramount. As we discuss in section 2.4 of this chapter, senior leadership sets the social responsibility direction, makes the case for it (by communicating early, clearly, and frequently), and guides overall implementation.

2.3 PLANNING FOR SOCIAL RESPONSIBILITY IMPLEMENTATION: THE SELF-ASSESSMENT

Few of us would take a trip without planning, but many organizations stumble into social responsibility implementation haphazardly, undertaking improvement projects here and there, and failing to tackle social responsibility cohesively and toward a higher goal. Social responsibility implementation requires rigor and focus. It requires strategic thinking, assessment, planning, targeted actions, monitoring, and ongoing improvement. And it requires fundamental change and a system to manage that change.

Social responsibility is complex and multifaceted, so the list of issues potentially relevant to your organization is long. Before undertaking the self-assessment, read through all seven of the ISO 26000 core subjects so you are aware of the issues that could be relevant to your organization (you have already read and begun considering the ways in which the principles will inform your destination and strategy). Note that ISO 26000 says that while *all the core subjects* are relevant to every organization, *not all of the issues* will be relevant. Together, though, they comprise a set of fundamental expectations that every organization should be alert to at the outset.

As noted, managing the change required to implement social responsibility involves focused exploration and introspection. That's why self-assessment is the first important step on the journey to social responsibility. It provides the information you need to develop the implementation plan. What's more, the exercise itself can be inspiring and motivating. As with all of the foundational steps, the assessment should be done by or in close association with the organization's most senior leaders. The CEO, president, or executive director is the organization's most visible and most powerful social responsibility champion, and the self-assessment phase is the time for senior leadership to sell the change, determine the organization's destination and strategies, and begin building momentum. For more about assembling the right expertise to guide and implement social responsibility, see section 2.4 in this chapter.

As we noted in Chapter 1, although we've recommended a sequence of steps, you will probably undertake some steps concurrently. While you are conducting the self-assessment, for instance, you'll begin exploring social responsibility with internal stakeholders to learn more about their interests and concerns (Chapters 3 and 4 cover stakeholder engagement and communications in detail). This chapter covers the first two steps, which establish the foundation for future implementation activities, and introduces several others that are covered more fully in Chapter 3.

Sequence of steps	Step purpose	Chapter	Most relevant ISO 26000 clauses	PDCA cycle
Conduct a self-assessment	To understand what's working well, determine the destination on the social responsibility continuum, and set objectives	Chapter 2	Clauses 4, 7.2, 7.3.3	Plan

Clauses 7.2 and 7.3 of ISO 26000 cover parts of the social responsibility self-assessment, providing useful guidance for identifying relevant and significant responsibilities, risks, and opportunities. We encourage organizations to review the many helpful considerations listed in clause 7.2 as part of self-assessment and strategy setting. We also suggest, however, that this step involves more than what is outlined in ISO 26000. The activities comprising the self-assessment are shown in Table 2.1.

Full of thought-provoking discussion, debate, and visioning, the self-assessment sets the stage for the implementation tasks that follow (introduced here and detailed in Chapter 3). As with other key tasks, the organization’s most senior leaders are responsible for conducting the assessment. If it must be completed by outside consultants or people lower in the organization, the unvarnished results must be shared as soon as possible with senior leaders for decision making.

Activity 1. <i>Understand the general context within which the organization should consider social responsibility and set strategy</i>	ISO 26000, clauses 4 and 7.2
---	------------------------------

As you consider the context within which your organization operates, look to the ISO 26000 principles in clause 4 and the actions and expectations in clause 6 for guidance. For example, how could increased transparency support your journey toward social responsibility (clause 4.3)? How can you make sure respect for international norms of behavior is embedded in your value chain (clause 4.7)? If you sell products to consumers, how might the principle of consumer education help you improve social responsibility performance (clause 6.7.2.1)? If you are a nonprofit, how could partnerships move you closer to your social responsibility destination (clause 6.8.2.1)?

The standard’s guidance for determining how your organization’s characteristics relate to social responsibility in clause 7.2 is also useful. As recommended, you will want to review your mission, vision, values, principles, code of conduct, or other documents outlining expectations and guiding concepts in comparison with the ISO 26000 principles and draw from them to develop or revise your organization’s mission, vision, strategy, and policy(ies) as appropriate. Guidance for establishing policies is provided as part of Activity 5 in this chapter.

Additional useful guidance on understanding and articulating your organization’s characteristics in the context of social responsibility can be found in the Global Reporting Initiative (GRI) *Sustainability Reporting*

Table 2.1 Self-assessment activities.

Self-assessment activities	Guidance in ISO 26000 or this book
1. Understand the general context within which the organization should consider social responsibility and set strategy	ISO 26000, clauses 4 and 7.2
2. Understand and articulate the organization's culture to support decision making about social responsibility implementation strategies and processes	Page 20 of this chapter
3. Help to define the organization's sphere of influence as well as the ability and willingness to exercise that influence	Clause 7.3.3
4. Identify social responsibility actions to date, especially any successes that can be replicated	Page 26 of this chapter
5. Locate your organization's current place on the social responsibility continuum and determine how far you want your organization to go	Page 28 of this chapter
6. Begin integrating social responsibility into policy	Clauses 6.3.3.2, 6.4.1.1, 6.4.5.1, 6.4.6.2, 6.4.7.1, page 32 of this chapter
7. Provide information for identifying responsibilities, as well as potential risks, opportunities, and areas for action associated with social responsibility	Clauses 7.2 and 7.3
8. Provide information to determine which of the core subjects and issues are relevant and significant to the organization and its stakeholders	Clause 7.3.2
9. Provide information to prioritize the issues, establish objectives, and set targets ^a	Clause 7.3.4, page 34 of this chapter

^a In ISO 26000 and throughout this book, *target* means a quantifiable aim (for example, reduce energy use 35% by 2011). *Objective* and *goal* indicate a broader aim (for example, become environmentally neutral) that is achieved by setting and meeting targets.

Guidelines, commonly referred to as the GRI G3 (see Part 2, Standard Disclosures, of the GRI G3). You will want to consult with others in your organization to address some of the points outlined in clause 7.2. You may want to capture the output of the exercise in a chart or table like that shown in Table 2.2 for Midget Widgets.

Table 2.2 Social responsibility context and characteristics (Midget Widgets).

ISO 26000 consideration (clause 7.2)	Our organization	Known or potential responsibilities, risks, opportunities
Organization characteristics, locations, workforce, profile	Widget manufacturing, 300 employees, \$15 million in revenues, no outsourcing of product assembly, but some materials and components come from high-risk countries	Widgets made of metals, plastics, and other environmentally-intensive materials Some components from locations that may pose risks associated with human rights and labor practices
Operating locations, including legal framework and characteristics of the operations	Two regions in North America	Closely regulated industry (product safety, quality, transportation, use, disposal) No company-owned assembly operations in countries at high risk for ethical, legal, or human rights violations, although some components provided by suppliers in high-risk locations
Previous social responsibility performance	Generally strong health and safety performance since implementing early symptom intervention program at one facility Energy efficiency projects (that is, lighting) at one facility yielded positive results and \$ savings	Opportunity to expand early symptom intervention program and energy efficiency projects to other facilities
Workplace, employees (for example, percent full-time, percent contract labor, percent union/trade, percent male/female, percent minority)	Full-time = 94% Part-time = 4% Contract = 2% Union = 0 Male = 73% Female = 27%	Only one female in a key leadership position and high percentage of females in administrative or clerical positions (90%)

Continued

Table 2.2 *Continued.*

ISO 26000 consideration (clause 7.2)	Our organization	Known or potential responsibilities, risks, opportunities
Sector organizations, including social responsibility activities and sector codes	International Widget Makers Association	Codes for product quality, safety, and performance No other codes or standards related to social responsibility
Mission, vision, values, principles, code of conduct	Mission and vision do not mention social responsibility principles or commitments Code of conduct exists; employees must complete annual training and certification EHS and quality policies in place	Social responsibility not integrated into mission, vision, or values Code of conduct is basic, does not outline expectations for social responsibility core subjects No supplier guidelines with respect to social responsibility principles or expectations Opportunity to leverage quality and/or EHS management programs for social responsibility implementation
Concerns/interests of stakeholders, both internal and external	Internal—health and safety, job security, volunteering opportunities External—product responsibility, end-of-life management, life cycle analysis	New health and safety program in one facility (can be replicated in others), no layoffs in history of company and strong employee loyalty, opportunities for additional company support of volunteering Difficulties influencing suppliers, opportunities for more innovative widget installation and product take-back

Continued

Table 2.2 Continued.

ISO 26000 consideration (clause 7.2)	Our organization	Known or potential responsibilities, risks, opportunities
Decision-making process	Limited to senior leadership	Based on market analysis, benchmarking, and other research, but no process for inviting input on decision making or strategy setting
Value chain, including entities upstream and downstream, as well as peers, regulators, others	Employees, raw material and component suppliers, transportation contractor, customers, state environmental protection divisions, International Widget Makers Association	Loyal workforce (engagement rate of 85%), long-term relationships with raw material suppliers and shipping company, reputation for excellent customer service, strong compliance record, CEO formerly held leadership role in widgets association Potential risk from component suppliers, unknown environmental and labor practices among raw material suppliers (although not believed to pose significant risks)

Activity 2. <i>Understand and articulate the organization’s culture to support decision making about social responsibility implementation strategies and processes</i>	Not in ISO 26000
---	------------------

As we’ve already noted, ISO 26000 emphasizes that social responsibility implementation be strategic and well integrated (see clause 7.4). Less emphasized in the standard, but no less important, is this: the social responsibility implementation *process* must also fit the organization’s culture, including factors like degree of risk tolerance, presence or absence of

entrepreneurial spirit among its leaders, governance approach, and business model. Your social responsibility implementation efforts may involve changing this culture, but for now, you're working within it.

Because we are immersed in our organizations' cultures every day, we don't always recognize their attributes. In this stage of the self-assessment, it is useful to step back and ask the following questions about your organizational culture:

1. *Business model.* Is the organization's core business or mission based on a *cost* model or a *differentiation* model? That is, are you known for low prices (for example, Wal-Mart) or for superior service and quality (for example, Nordstrom)? These different orientations will naturally result in different approaches to social responsibility implementation. Organizations oriented toward service and quality may develop strategies that position social responsibility as an impetus for innovation, while those focused mostly on cost may find it more appropriate to begin with efficiency strategies that minimize initial expenses and create shorter-term return on investment.
2. *Strategic planning.* What is the organization's strategic planning process—is it collaborative and inclusive, seeking input and ideas from a great many individuals or groups, or is it focused and limited? What level of ambition is encouraged in goal setting? Are goals aspirational, aggressive, or conservative? Note that if your organization is not accustomed to seeking and acting on external input for strategic decision making, the degree of stakeholder engagement advocated by ISO 26000 will be challenging, and your ability to discern the significant social responsibility issues for your organization may be limited.
3. *Discovery and innovation.* From where do new ideas come? Are they actively sought? How are they rewarded? Are managers empowered to act on good ideas? If your organization does not have a system in place to develop, nurture, and implement ideas, the social responsibility change management process will be even more difficult.
4. *Quality.* How is quality viewed in your organization? Is it a defining principle by which you operate? How is quality measured? What incentives are in place? Is the quality management process collaborative? When discovered, how are quality issues addressed? Quality can be both a result of and a driver for social responsibility because correcting deficiencies

Copyright American Society for Quality
 Provided by IHS under license with ASQ
 No reproduction or networking permitted without license from IHS

or implementing improvements in one area often leads to improvements in the other (for example, a company that recalls products or improves quality because of the products' potential to harm consumers has acted on its responsibility to consumers).

5. *Values.* What does your organization truly value? To determine this, take a close look at the factors on which you and others are measured. Are most or all of the performance metrics related to financial management, sales, revenue, and profit and loss? How many measures are subjective, touching on topics like employee engagement or productivity, customer satisfaction, innovation, initiative, or leadership ability? Ideally, your organization values both the quantitative and the qualitative, as both of these are essential to social responsibility implementation. However, if one outweighs the other, as is often the case, or if the stated core values are out of sync with the measures on which employees are rewarded, it is helpful to recognize this before getting too far into social responsibility change management.
6. *Accountability.* Compare your organization's definition of accountability to that in ISO 26000 (clause 2). Also compare your approach (clause 4.2). What does accountability mean in your organization? To whom is your organization accountable? What are the consequences of not being accountable? Implementing social responsibility requires organization-wide commitments to accountability and instituting systems for monitoring it.
7. *Change.* Is change embraced? Does the organization change regularly (for example, through restructuring, acquisition, divestiture)? Does the organization pride itself on being ahead of the curve or somewhere in the middle? In organizations that shy away from change, social responsibility implementation may require even more initial communications from senior leadership, more early successes, and a carefully planned sequence of manageable events. These are valuable for any organization, but the pace may be slower in a change-resistant environment.
8. *Governance and principles.* Which of the ISO 26000 principles in clause 4 are aligned with your organization's culture? Does your organization have a strong code of ethics and compliance program (the ethical behavior principle)? Is employee input actively sought (principle of respect for stakeholder interests)? Are human rights clauses included in your supplier contracts (human rights principle)? Which principles are *not* embedded into your

organization's culture? If your organization already embodies some (or all) of these principles, it is natural to use them as the foundation for continued social responsibility implementation. If your organization has no such principles in place, they will need to be incorporated into strategy setting.

Once you've identified your culture's central characteristics, give some thought to how they help—or hinder—social responsibility implementation. Consider what, if anything, you need to change about the culture. The characteristics of the Midget Widgets culture and their implications for implementing social responsibility are shown in Table 2.3.

Table 2.3 Assessing the implications of organizational culture on social responsibility implementation (Midget Widgets).

Cultural characteristic	Implication for social responsibility
Business model	Midget Widgets' costs are competitive, but service is a more important differentiator. Because of this orientation, the company has developed a strategy that positions social responsibility as a driver for outstanding service and service innovation.
Strategic planning	The leadership was not accustomed to seeking input for strategic decision making beyond the directors of its two regions. Senior leaders agreed to try a more inclusive approach by involving a stakeholder advisory panel (discussed in section 2.4 of this chapter).
Discovery and innovation	Midget Widgets provides reliable widgets based on a tried-and-true design. Innovation is minimal. Senior leadership provided resources for the product development team to engage a consultant in finding ways to leverage social responsibility for greater product and service innovation.
Quality	Midget Widgets has experienced one product recall due to a toxic material. Since then, the company's quality management system has been strengthened and now includes local worker–management quality teams, among other features. Other ideas have begun emerging from these teams as well—related to health and safety improvements and work hours—that could be addressed as part of Midget Widgets' broader commitment to social responsibility.

Continued

Table 2.3 Continued.

Cultural characteristic	Implication for social responsibility
Core values	The official core values are quality, service, and teamwork, and the company is clearly committed to quality and service, but the unwritten rules valued individual contributions more than teamwork. Human Resources was tasked with finding ways to reward teams for implementing social responsibility. Their first initiative was a friendly energy conservation challenge between facilities.
Accountability	Midget Widgets is a privately held company. Its senior leaders are accountable to the company's owners (managers and executives whose benefits include stock options) for financial health, to regulatory agencies for compliance, and to customers for product quality and service. Senior leadership is also proud that the company has never instituted layoffs, and though job security is not guaranteed, they feel accountable to employees for operating the company responsibly. As part of the self-assessment, leadership reviewed existing accountability systems (monthly reports on product orders, manufacturing, shipments, and sales; employee appraisals; supplier and quality audits; and others) to identify the pressure points for accountability on social responsibility performance and compare current practices to the guidance in ISO 26000 clauses 6.2, 6.6, and others.
Change	Company structure and leadership have been in place for 10 years. Midget Widgets prides itself on its business stability. David and the other executives understand that they must bring managers and employees on board, and have committed to working with the communications department to implement a comprehensive communications and engagement strategy in which they (the executives) play a central role.
Governance and principles	Midgets Widgets leadership recognized the value of implementing social responsibility and reviewed existing governance practices against the ISO 26000 principles and guidance on good governance (clause 6.2). Among the issues they identified was the absence of a system for reviewing suppliers based on human and labor rights practices. They began developing a strategy to address this issue.

ISO 26000 cautions, “Creating a culture of social responsibility within an organization may take a substantial period of time, but proceeding systematically and working from existing values and cultures have been effective in many organizations” (clause 7.4.1). This kind of cultural change will be necessary in most organizations, not just Midget Widgets.

Activity 3. <i>Help to define the organization's sphere of influence as well as the ability and willingness to exercise that influence</i>	Clause 7.3.3
---	-----------------

Understanding your organization's sphere of influence is a prerequisite to self-assessment activities 4 through 9. In fact, determining your organization's sphere of influence is so fundamental to social responsibility that it first appears in the ISO 26000 Introduction: “. . . an organization should consider two fundamental practices of social responsibility: recognizing its social responsibility within its sphere of influence, and identifying and engaging with its stakeholders.” Your organization's sphere of influence (clause 7.3.3 of the standard) is intimately connected to your position and desired destination on the continuum, and you can not determine that destination without first understanding the extent of your influence with employees, suppliers, and others in the value chain, as well as your willingness to exercise that influence (clause 5.2.3).

Factors to begin considering now include:

- The boundaries of your influence and whether they are sufficient to achieve your ultimate social responsibility destination
- Your organization's willingness to exercise influence, even if it means getting tough with suppliers who do not meet your new social responsibility criteria, or severing ties with donors who do not share your organization's commitment to social responsibility
- Any risks associated with exerting influence or control more rigorously in the value chain
- The extent to which your organization may want to support the positive actions of others in the value chain by sharing knowledge and best practices with suppliers, customers, peers, or competitors, encouraging use of ISO 26000 and other standards, or partnering on larger initiatives (for example, fair trade initiatives, product take-back/recycling programs)

Midget Widgets has a high degree of control over what happens in its own facilities, but limited influence on suppliers because of its smaller purchasing power compared to other companies. Leadership did not identify significant risks associated with exercising more influence, however, so they have directed the procurement and quality management departments to identify ways the company can work with suppliers on more sustainable resources and make these expectations part of quality management. Notably, Midget Widgets also determined that it has a significant opportunity to support customer social responsibility through its services, and began developing strategies to pursue this.

Activity 4. <i>Identify social responsibility actions to date, especially any successes that can be replicated</i>	Not in ISO 26000
---	---------------------

Once you have captured your organization’s culture, including its advantages and challenges with respect to social responsibility implementation, you’re ready to do some self-assessment detective work within your organization. You may also undertake it to help build the case for social responsibility implementation. In addition, it supports early internal engagement by getting people and teams thinking about their social responsibility efforts, successes, and shortcomings. ISO 26000 (clause 7.4) notes that “Some employees and some parts of an organization will be more interested and receptive to taking action on social responsibility than others. An organization may find it useful to focus initial efforts on such receptive areas to demonstrate what social responsibility means in practice.”

To find these receptive areas and any existing social responsibility successes, reach out to office leaders, facility managers, environment/health and safety managers, supply clerks, communications managers, and others. Ask about what’s working, looking deeply for successes that can be replicated, or *bright spots*,⁴ and explore them. These could be volunteering initiatives, an ingenious solution for reusing process water, or a new boiler technology that reduces energy consumption at one facility.

Bright spots can provide an initial action plan for integrating social responsibility. They also contribute to a performance baseline, even if only for certain locations, operations, or units. Importantly, when communicated widely and with appropriate recognition for employee contributions, bright

4. The concept and term *bright spots* come from Heath and Heath (2010).

spots can further employee engagement. Be aware, though, that human nature sometimes leads us to view successes with skepticism. Avoid focusing on the problems, at least initially, even if problem solving is central to your organization's culture. The problem-oriented approach to implementing social responsibility could become overwhelming.

The output of this exercise is a list or spreadsheet of successful social responsibility projects already completed or under way throughout the organization (see Table 2.4 for the Midget Widgets example of this output).

Be sure to note:

- Exactly what was done, listing any specific engineering solutions, technologies, and actions taken

Table 2.4 Social responsibility actions and accomplishments to date (Midget Widgets).

Activity or project	Results	Costs	Contact
Health and safety early symptom intervention program	10% decrease in illnesses and injuries that result in lost work days	\$3000 for EHS manager awareness and training, limited ongoing administration costs, estimated medical savings = \$150,000/year or more	Ted McCrae, EHS Director Brian Spector, Quality Management Director
Lexington, Kentucky green team	Various water-saving projects, including installation of a water-saving dishwasher, motion-sensing faucets, and waterless urinals	\$9500, estimated savings = \$1500 to \$2000/year	Ann Dixon, Office Administrator
Social responsibility-focused FAQs for recruiters and hiring managers	Enhanced ability to talk about social responsibility-related interests and concerns with potential new hires and to recruit people who are familiar with social responsibility topics	\$500	Julia Lopez, Human Resources Director

- The results, quantified if possible (for example, kilowatt hours and costs saved, metric tons of greenhouse gas emissions reduced, number by which employee training hours increased)
- Any capital costs (so that return on investment can be calculated)
- Who the contacts are, including who might be able to help replicate the success elsewhere

PRACTICAL HINT

During your quest for bright spots, people may tell you about the social responsibility challenges they're facing (for example, missed health and safety targets, inability to recycle materials on-site, lack of employees willing to volunteer). Don't allow the conversation to be taken over by these, and don't feel pressured to solve them right away, but do make note of them. These will prove useful when you're identifying the issues that are significant to your organization (discussed in Chapter 3).

Activity 5. *Locate your organization's current place on the social responsibility continuum and determine how far you want your organization to go*

Not in
ISO 26000

In the first self-assessment activity (guided largely by the standard's clause 7.2), you considered your organization's mission, vision, values, principles, and code of conduct in the context of social responsibility. Now is the time to consider your specific social responsibility destination and how it will be integrated into and supported by the broader mission and vision. The clause 4 principles, as well as clauses 5 and 7.4.2, provide guidance for this integration.

The starting point and destination may be different for each organization, but many of the steps to getting there are similar. They begin with determining where your organization stands right now. And remember, it's okay to start small. It's fine to start at the base of the continuum with nothing more than a track record of legal compliance to your name, but you don't want to stay there indefinitely. Chances are, though, you're already

doing some of the other things on the continuum as well. You may be thinking about social responsibility implementation as a way to assess and manage risk. You probably have nice communications about your organization's values, and you may have helped employees understand how those translate into desired actions. You almost certainly have various efficiency projects ongoing, albeit not always directly related to social responsibility. See Box 2.2 for additional tips on determining your current social responsibility location.

Once you've pinpointed it, you're ready for the challenging part of this exercise: deciding what social responsibility means for your organization and how far it will go.

Helpful information for determining the social responsibility destination (and associated strategies) comes from:

- The self-assessment activities completed so far.
- Your existing strategic plan, mission, vision, and challenges.
(Ask: How can social responsibility improvements help address

BOX 2.2 FINDING YOUR LOCATION ON THE CONTINUUM

If you need prompting to determine your location on the continuum, consider these questions:

- How do your social responsibility performance and leveraged opportunities compare to your competitors or peers?
- Where does social responsibility rank among your leadership's considerations?
- Do you need guidance to deal with customer or supplier guidelines or requirements?
- If your customers, donors, members, investors, or other stakeholders asked for a full accounting of your social responsibility history and performance, how well would you fare?
- What level of social responsibility performance do you believe is appropriate for your organization and your stakeholders?
- Do you already have a solid understanding of your sphere of influence?

some of the challenges in our strategic plan? Where are the intersections between social responsibility and our organization's challenges? Which of our strategies and objectives can be supported by social responsibility?)

- Benchmarking against competitors or peers of similar size and scale. (Hint: use the ISO 26000 core subjects as the basis for the benchmarking exercise and see how your organization's commitments and performance compare on the seven subjects to those of five or six peers.)
- Your organization's sphere of influence. (See Activity 3 in this chapter and additional information in Chapter 3.)
- The ISO 26000 principles, core subjects, and issues, and the significance of each to your organization and your stakeholders.
- Stakeholder input. (You probably received some when you looked for the bright spots, and you'll want to continue collecting stakeholder input everywhere you encounter it; see Chapter 4 for more on engaging stakeholders.)

Let's consider how Midget Widgets' leadership arrived at its decision about the right social responsibility destination for the company:

- It was not hard for leadership to locate the company on the continuum. It maintained a strong compliance record and managed most risks pretty conservatively. A few years earlier, Midget Widgets had launched a process efficiency initiative as part of a larger quality management program, but the efficiency initiative was forgotten when quality issues were uncovered in one product line. *Midget Widgets was clearly in the risk management stage of social responsibility implementation*—and the assessment had identified newer risks, such as climate change and supply chain concerns, that the company had not begun to address.
- The company was getting *pressure from its larger customers* to improve social responsibility.
- Senior leadership knew *the company lacked product differentiation*. Its widgets were of excellent quality (now that a previous problem had been addressed) but not significantly better (or cheaper) than those of its top competitors. Instead, the company had tried to focus on superior customer service and was slowly earning a reputation as a service leader.

- The self-assessment confirmed that Midget Widgets had *limited influence on suppliers* due to its modest size, and might face cost and other challenges in sourcing more responsible components.
- Early stakeholder input raised questions about the *life cycle impacts* of the widgets themselves and concerns about *components from countries with poor human rights records*.
- Employees felt loyal to the company but expressed mild dissatisfaction at the *lack of meaning and reward* associated with merely making widgets.
- A benchmarking study compared Midget Widgets' social responsibility commitments and performance to five competitors, revealing that *none of its peers were providing products or services that supported their customers' social responsibility objectives*.
- Company leaders recognized the absence of a social responsibility leader in their sector as a *significant business opportunity* and discussed the matter with the heads of the company's two regions, who were optimistic about devising ways to reduce product environmental and social impacts through modified installation approaches, take-back programs, and possibly components sourced from suppliers determined to be responsible.
- Based on all this information and the company's strategic plan, senior Midget Widgets leadership decided to drive toward an *ultimate goal of responsible growth*, including *social responsibility leadership in its sector* within 12 years. The strategies to get there would focus on the necessary social responsibility improvements to internal operations as well as innovative, high-value service that would strengthen customer social responsibility. The targets would address both internal improvements (energy and water use, for example) as well as customer-focused initiatives (such as product installation, use, and end-of-life management improvements).

The information gathered during the Midget Widgets self-assessment provided confidence that the ultimate destination was not only feasible but compelling because it directly supported the company's business goals. Note that the destination does not reach decades into the future because setting the destination too far out can sometimes derail progress. The trick is to set your sights on a destination that is reasonable but also inspiring, and revisit that objective as necessary.

Once you know where you are and where you want to go, you'll want to begin articulating in a few words what social responsibility means for your organization. This could be something like, "At Midget Widgets, social responsibility is a key driver for delivering new services, becoming the top supplier to our customers, attracting and retaining the best talent, and achieving our 2015 growth goals." You've probably noticed that this statement looks somewhat like a business case, and it can certainly function as one. It doesn't include quantifiable targets, however, nor does it specify the behaviors or steps needed to reach the destination. That comes a little later. (See Chapter 4 for tips on developing key messages and using other communication tactics to support the business case and objectives.)

Activity 6. <i>Begin integrating social responsibility into policy</i>	Clauses 6.3.3.2, 6.4.1.1, 6.4.5.1, 6.4.6.2, 6.4.7.1
---	---

Do you need a social responsibility policy? This will depend on the content, strength, and use of your organization's existing policies as well as their sufficiency to guide full social responsibility implementation and support your objectives. Although ISO 26000 recommends developing and implementing policies for key social responsibility subjects and issues, such as human rights, labor rights, and health and safety, the standard does not recommend creating a single social responsibility policy (it does, however, suggest incorporating social responsibility into the existing vision, mission, and policies). This is because social responsibility must be integrated into the organization, and by extension, into existing policies and vision statements. It also must be embedded in any new policies established for the core subjects or key issues. Setting it off to the side with its own policy could undercut efforts to integrate social responsibility behavior changes and activities throughout the organization. And if your organization's culture and systems are not set up to regularly use a policy as a compass to stay on course, then it's not likely to be of much use.

Fortunately, you can avoid this pitfall. You might choose to develop a comprehensive social responsibility policy that encompasses and is integrated with the social responsibility core subjects, or you could create a number of smaller ones (for example, EHS, human rights, labor practices). Either way, you need to make sure the policy (or policies) is (or are) well understood, routinely used, and integrated with the operation and other policies. They should embody the ISO 26000 principles and your organization's core values, and serve as a yardstick for assessing performance. Note