



UNIT-14

Encouraging Sustainability

Learning Outcomes

By the end of this unit the learner will be able to:

- ✓ Define sustainability and social responsibility
- ✓ Discuss the principles of social responsibility in business
- ✓ Apply the principles of sustainability and social responsibility in the context of ISO 26000
- ✓ Develop a program for sustainability and social responsibility in business

Unit 14

Encouraging Sustainability

What is Corporate Social Responsibility?

A Business Case for Corporate Social Responsibility

Corporate social responsibility is not a new idea, but it has gained support as a recommended practice for a multitude of reasons. A move to support sustainable and socially responsible operations can bring multiple benefits, as invested companies find themselves supported by the public, their stakeholders, industry partners, and communities.

Businesses today are focused on issues involving adaptation, transformation, and innovation. In addition, they deal with a heightened awareness of social responsibility; many of them have a stated desire to be known as “green” companies, to make a difference, and to stand out in their communities (both regional and global) for doing positive work.

The drive for social responsibility must be integrated with every aspect of the organization, from frontline staff to upper management and owners. Often this has to be done while managing risk and compliance, without increasing costs, and while dealing within increasingly global circumstances.

Each person involved has the responsibility to:

- Share knowledge with one another collaboratively
- Commit to lifelong learning
- Make a difference

It is necessary to engage with and earn the support of business professionals, our competition, our colleagues, and our business allies. We also have to integrate policies, procedures, goals, analytics, and transparency into every aspect of our businesses as part of a drive to encourage sustainability and social responsibility throughout our business environments.

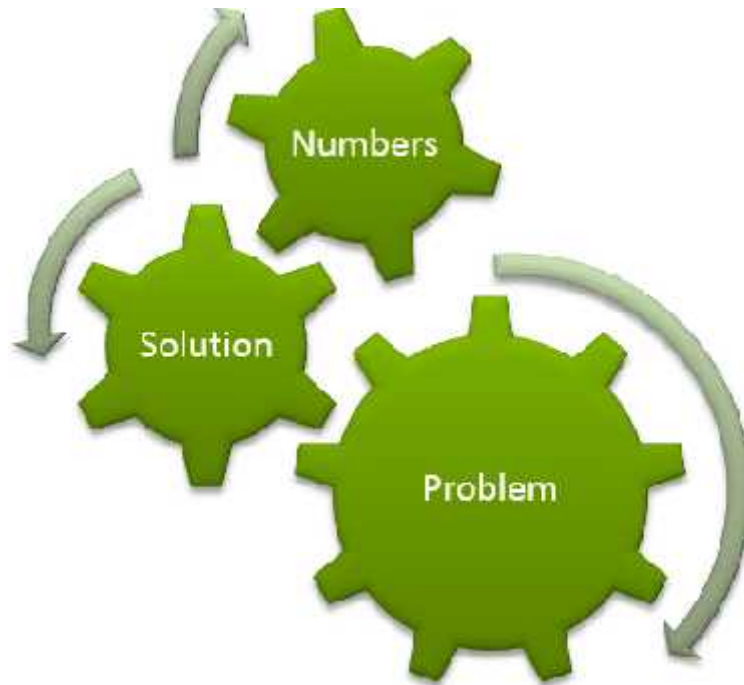
Creating principles across political, geographic, social, industrial, public/private, profit/non-profit boundaries and borders brings challenge and opportunity in its diversity. This also presents challenges to sustainability and social responsibility, in part because we do not have a lengthy history of acceptable best practices, nor are all the issues well-known. In addition, we have to consider legal issues, trade agreements, traditions, and customs, plus the ongoing development of technology that permits a global influence and relationships within the context of sustainability and social responsibility.

When you are ready to prepare a business case to engage your company’s leadership in encouraging sustainability and social responsibility, you need to do so in a very direct way. A business case is a carefully crafted presentation to help you get the support you need so that the program you are developing receives the support of management and owners.

Frame Your Business Case

Essential Elements

When you're responsible for creating the business case to your company, there are some essential elements that will help you to make your point and to raise support. Prepare your case in three steps:



Case Study

Here is an example for a company that is having a lot of difficulty hiring researchers for their 10 laboratories, which are located all around the country. The laboratories are all researching agriculture and water preservation principles to secure future food and water supplies in an era where weather, economics, and multinational conglomerates contribute to a global battle for control of food and water supply chains.

Problem

Recruiters spend a lot of time and money (up to three month's salary for each new hire) to recruit each new researcher, and there are still not enough researchers coming to work with the company. Competing companies, however, seem to have fewer problems recruiting strong candidates.

There is no simple way to find new recruits for the company. However, our competition has implemented corporate social responsibility practices in the past two years, and we are theorizing that has helped them recruit their own highly valued employees.

Solution

Making ourselves a more dedicated community partner through implementation of social responsibility makes sense in the current environment. It also means we make ourselves more attractive to our potential pool of recruits. Messaging to those potential recruits plus development of an upgraded exchange of information will mean that new recruits can find out about us easily, with the added benefit of being of greater value to our community.

Recruits can:

- Come to us as an employer of choice
- Save time in their job search
- Engage in a job before they finish their schooling by entering essay and academic contests

We can:

- Expose our brand to more potential employees for what eventually will be less money than we currently spend
- Pre-qualify recruits through academic contests so we can pre-determine that they are qualified and will be valuable to us
- Share our company culture, reputation, and mission easily, thus positioning ourselves as an employer of choice and as a socially responsible company

Numbers

- Nationally, there are about 1,500 college graduates each year who could potentially be a fit for our company.
- We need to hire 20 of these graduates annually, across all locations, but currently receive about 12 applications.
- We spend about \$18,000 to fill each vacancy (which is three to five month's salary for a new recruit). This means a total spend of about \$3.6 million per year on recruiting just for researchers.
- Because we have fallen behind in recruiting, we are also losing out on market share, with grant funding dropping by 15% this year.

Do you have to do it all at once?

There are a lot of principles that come into consideration when we implement a program of this magnitude. These include:

- Organizational governance and ethics
- Operating practices
- Human rights and labor practices
- Environmental awareness and sustainability
- Consumer issues
- Community involvement

Cost, availability of resources, as well as the appetite for a company to apply certain ideas all come into sharp focus and must be addressed. While all principles must be integrated as part of a comprehensive and holistic program, part of the business case made to your company is that they can be implemented gradually.

About the ISO 26000 Standards

Staying Ahead of the Curve

Organizations are increasingly being pressured to meet the needs of our current world without compromising the ability for future generations to meet their own needs. These companies are taking responsibility for the way they impact and influence people and the natural environment. In this context, **sustainability** refers to typically voluntary activities that demonstrate a commitment to, and inclusion of, social and environmental issues in business operations.

It's no longer the case that a corporation can celebrate financial success in isolation, and certainly not at the expense of people, communities, or environments impacted by its actions. Business leaders now understand that they have to pay attention to a healthy bottom line in addition to being positive corporate citizens. This dual role means they have had to alter their thinking, practices, and business models. And, to continue to thrive, these same organizations must continually review their results and stay ahead of constantly evolving challenges. One way to do this is to align their procedures with best practices and standardized guidelines.

The International Organization for Standardization is a global agency that companies often look to for these best practices. Often, they will require that a company follow a strict set of rules in order to be certified as clearly following the requirements. In the case of sustainability and social responsibility, however, the issues remain complex. Guidelines have been agreed upon, but certification is not (at the time of this writing) currently available.

The International Organization for Standardization (ISO)

ISO standards developed for sustainability and social responsibility have been set up as guidelines rather than requirements. A company cannot be certified for ISO 26000 standards, but it can rely upon the guidelines to create effective practices. The standard was launched in 2010 following five years of negotiation and collaboration conducted around the globe with ISO member organizations. From the standards document itself, here is a description of the program:

"ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

International Standards are drafted in accordance with the rules given in the ISO/IEC Directives, Part 2.

The main task of technical committees is to prepare International Standards. Draft International Standards adopted by the technical committees are circulated to the member bodies for voting. Publication as an International Standard requires approval by at least 75% of the member bodies casting a vote.

ISO 26000 was prepared by ISO/TMB Working Group on Social Responsibility."

(Source: <https://www.iso.org/obp/ui/#iso:std:iso:26000:ed-1:v1:en>)

Making Connections

Can you identify areas within your company where ISO standards have been adopted?

Is certification underway or been achieved in any of these areas?

Creating a Corporate Social Responsibility Program

Setting Up the Project Vision

Defining Your Vision

When beginning this process, you are taking a long look into the future and imagining where you want the company to be. Depending on where you fit in the company, you might initiate the process and then invite others along, or you might be asked to participate in an implementation of the project.

Next, create a list of goals related to your vision. Just select two or three objectives at this stage. Remember that the sky is the limit, and you are creating something innovative and new, so get comfortable with thinking outside the box.

Finally, list three to five people you work with who will be part of your team and responsible for the project. These can be internal or external candidates.

Engaging Stakeholders and Employees

While it's not likely that any of us can individually make a huge impact, the ripple effect of many people making small differences can, honestly, change the world. That is a very direct effect of what social responsibility is all about. A company of any size can become a leader in social responsibility by adopting sustainable and socially responsible practices and handling them well. The program is most successful, of course, when owners, shareholders, employees, stakeholders, and customers get involved and share in the commitment.

One key way to get people involved is to make sure your efforts somehow relate to what's important for others. If your goals for the program can be tied to corporate objectives in some way, then you have a more feasible plan.

One strategy is to ask stakeholders (particularly owners and board members who must pay for program elements, as well as employees who will be involved in the day-to-day operation of the program) for their input on what's important to them and how they'd like to see the program managed. That way, you'll probably find it easier to get support.

Measuring, Reporting, and Revising

Your efforts must be measured in order to receive the support of the organization as well as the cause you are trying to help. Be very clear about your objectives so that you know precisely what you will measure. Nothing we do in an organization takes place in isolation, so be very clear about what you are measuring and what the influences are. Make sure you are prepared to measure your results over a period of time, with allowances to factor in changes, influences, and the evolving needs of the organization.

Making Connections

What tracking and measurement tools are often used in your company?

What might work for a sustainability and social responsibility program?

What might need to be adapted?

Corporate Social Responsibility Principles

Due Diligence

In doing your due diligence about the program, it's important to look at all factors and influences, including where your company operates, the people that are impacted by what you intend to do, and the short and long term consequences of the decisions you will make.

Small efforts can have big impacts. Your efforts could start small but intend to grow, so you need to be very aware of what your intentions are and the potential for ongoing development with your approach. You have to perform your due diligence at each step.

Here are some examples of opportunities for more due diligence as a program expands:

- Forestry companies will harvest areas with large spruce trees, and then hire students to re-plant those areas. This is an example of sustainable forestry practice and as select harvesting takes place, continued opportunities for more planting develop. But students eventually graduate, and new students need to be hired. Where will you draw the students from?
- Companies who hire immigrants of a different language have an opportunity to arrange for language classes for both the workers and their families. How will you accomplish language classes along with the need for people to do the work?
- If you start working with a supplier and you do your due diligence to make sure they are an ethical company, but that supplier gets bought out by an unknown company, you will have to return to your due diligence activities so that you know the new supplier does ethical, sustainable work, too.

Making Connections

What examples of due diligence do you have within your industry and/or experience?

What challenges might this task pose for your corporate social responsibility program?

Protecting Human Rights

In this course, we encourage you to think big when it comes to promoting sustainability and social responsibility. As responsible citizens of the world, it's not just our responsibility to protect the human rights of our workers at home, but also to look at our suppliers abroad and ensure that they employ safe work practices and respect for their workers.

As an example, several years ago workers were sewing clothes for very small wages (and supplying those clothes to big multinational companies) when the factories collapsed and many workers were killed. This left the families of the dead to try and survive without that person's income, and also without a parent. At the time, there was a big show of international support to improve the conditions of workers there, but change is slow and workers continue to work in unsafe conditions.

If you know of human rights infractions, you need a strategy to deal with them. This can be a very difficult issue to deal with, and is not the responsibility of front-line or middle managers, or even project managers. Make sure you get the assistance you need. Collaboration and discussion with stakeholders, and their ongoing support, is necessary for this element.

Human rights issues can often lead to intense discussion and pose a challenge for organizations. Different countries approach human rights in different ways, so it is up to each organization to determine their tolerances and preferences for treatment of workers in any situation. For example, although child labor is illegal in many parts of the world, it is prevalent in other places. If your company chooses to purchase products from suppliers who use child labor, pay less than subsistence wages, or let people work when they are obviously in harm's way, you will be acting outside of the guidelines proposed in ISO 26000.

Organizational Governance and Ethics

There is some debate in available literature about the issue of establishing a corporate social responsibility approach for ethical reasons versus a business case. In a 2007 paper written by Laura Hartman, Robert Rubin, and Kathy Dhanda, the authors analyzed the difference in approaches by American and European companies. American companies were more likely to justify implementing corporate social responsibility for economic and financial reasons, whereas European Union companies use language of citizenship, moral principles, and community in their programs.

Whatever reasons a company determines for establishing a program, we must also consider the principles of sustainability and social responsibility contained in the ISO 26000 standards:

- Organizational Governance and Ethics (including due diligence and protecting human rights)
- Operating Practices (anti-corruption, political responsibility, sourcing suppliers, copyright adherence)
- Human Rights and Labor Practices (health and safety, training and development)
- Environmental Awareness and Sustainability (reducing carbon footprint, responsible resource use, commitment to change, protecting the environment)
- Consumer Issues (being fair to consumers, sustainable consumption)
- Community Involvement (creating a better community through wealth creation, social investment, skill development, etc.)

In creating a solid program that involves all of the principles listed, organizations need to commit to each principle and then provide clear, measurable support and resources for success. This includes requiring that due diligence is applied and followed up on throughout the program, and that human rights are protected at all times.

Making Connections

What element will bring you the most excitement and potential for possibility as you set up your program?

What element will cause you the most angst as you set up your program?

Operating Practices

As you proceed with your program of encouraging sustainability and corporate social responsibility, the next element we have to consider are the related operating practices. Operating practices, in this context, include elements like anti-corruption, political responsibility, sourcing suppliers responsibly, and copyright adherence.

Put simply, corruption will not be tolerated in any form, including extortion and bribery. This has to be clearly stated in program documentation, along with related consequences. You must keep abreast of the activities of your suppliers, colleagues, and contacts as they can potentially harm your reputation and interfere with the great community efforts you are making. You will need to establish a reporting method in the event that you encounter corruption (if there is nothing in place already).

Consider whether there are political elements that you need to address within the program. For example, if one of your efforts at corporate responsibility is to stop using cancer-causing substances in your soaps, then it is going to take some work to change to a supplier who doesn't use those products, especially if your current supplier has been a part of your business network for 15 years and last year provided your interns with scholarship money. These types of situations need to be dealt with carefully.

The next element of operating practices relates to the protection of intellectual property including copyrights, trademarks, and patents. These issues absolutely must be protected, and those protections need to be part of the program.

In the space below, list the operating practices that you may need to pay attention to in your organization.

Human Rights and Labor Practices

Many companies already apply human rights legislation and labor laws to ensure the health and safety of their employees, as well as the health and safety of citizens who are affected by the work the company does or the communities the company operates in. However, human rights legislation is not applied universally, nor does each country approach it the same way.

When implementing corporate social responsibility, you must look beyond doing good within a particular community or industry, and commit to protecting human rights and conducting yourself within an international standard for labor practices. A failure to adequately embrace human rights legislation and to properly address labor practices that protect employees, customers, and citizens will undermine your entire program.

Making Connections

Are you willing to consider the importance of human rights and fair labor practices?

What might this mean for your company?

Review the List

Reviewing the List

Review the list of initiatives created in the previous session. Pick five projects that would have the biggest impact from a social responsibility perspective.

Now, choose your favorite project.

Project Plan

Frame the project by following the framework of defining the **Problem**, proposing a **Solution**, and presenting the **Numbers**.

Problem

Solution

Numbers

Further Reading:

- ✓ Buck, Bastian, Laura Espinach, and Staffan Soderberg. *GRI G4 Guidelines and ISO 26000:2010: How to use the GRI G4 Guidelines and ISO 26000 in Conjunction*. ISO 26000 Post Publication Organization, 2014.
- ✓ Cowell, Alison, Faris Natour, and Michael Oxman. *BSR and Human Rights: Project Experience in the Energy and Extractives Sector*. BSR, 2010.
- ✓ Crane, Andrew, Dirk Matten, and Laura Spence. *Corporate Social Responsibility: Readings and Cases in a Global Context (2nd Edition)*. Routledge, 2013.
- ✓ Epstein, Marc J., and Kristi Yuthas. *Measuring and Improving Social Impacts: A Guide for Nonprofits, Companies, and Impact Investors*. Berrett-Koehler Publishers, 2014.
- ✓ ISO Secretariat. "ISO 26000 Guidance on Social Responsibility." 2014.
- ✓ Khan, Mahmood, and Vijaya, Parsa, H.G., Narapareddy. *Sustainability, Social Responsibility, and Innovations in the Hospitality Industry*. Apple Academic Press, 2015.