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Social responsibility **drives forward**

In 50 Words Or Less

- Social responsibility (SR) gained prominence five years ago after Enron and other corporate scandals grabbed headlines.
- The momentum behind SR could have faded, but it hasn't.
- The integration of standards, the upcoming release of ISO 26000 and a public thirst for SR has sustained the momentum, which will continue to build.

by Denis Leonard

IN THE WAKE of the Enron, WorldCom, Tyco and Global Crossing scandals five years ago that shook consumer confidence in business leaders and the economy, I co-wrote an article about the resurgence of social responsibility (SR) on the corporate landscape and increased public awareness on the topic.¹

The scandals back then resulted in calls for a tighter focus on ethics and governance across the spectrum of business and politics. At a Malcolm Baldrige National Quality Award (MBNQA) ceremony, President Bush had called for a “renewed sense of corporate responsibility.”² Liz Keim, then ASQ chair of SR, said, “The corporate meltdown we’re witnessing reminds us of the tragic long-term consequences of paying lip service to quality and ethics.”³

After the article appeared, I was asked if the energy harnessed around SR could be sustained. Or was SR simply a reaction to the scandals and would fade relatively quickly?

My answer was that there was most certainly the danger of fading momentum as the attention of the public, governmental, professional and other groups could be refocused on more pressing issues. It was critical that the lessons learned not be forgotten, discussions continue and action be taken quickly. ASQ needed to be highly engaged, as well.

So what has happened since then? Has SR faded? Have we learned our lesson?

Staying a priority

Before the scandals, the core issues of SR were indeed important, but nothing unusual. Of course, there were rules and requirements for a corporation’s financials. How an organization interacted with the environment was being monitored and regulated to a certain degree.

But the Enron and WorldCom scandals brought SR to the forefront in dramatic fashion with extreme tales of fraud, deception and bankruptcy. The scandals grabbed headlines and stayed fresh in people’s minds for many, many months. If it could happen at any of these corporations, where could the next scandal be uncovered? What damages—financial or otherwise—could be looming next? The time was right to make sure SR remained a top priority for corporations and organizations.

Up to that point, SR had been characterized by a strong focus on financial and nonfinancial return. In essence, SR made good business sense and could help limit litigation, protect brand image and increase customer and employee satisfaction.

While that was and remains true, it was the public’s attitude and outlook that created real change. When corporations realized price was not the only concern of its customer base, additional corporations became more open to SR.

SR affects us all and is relevant to everyone, not just a handful of do-gooders in any one city, state or country. It turns out there’s more than one issue SR touches. That is what has given SR the ability to make such a strong impact.

SR can be an issue that affects local communities, business relationships, national patriotism or global fellowship. It can encompass issues like human rights, health and safety, the environment or social development, just to name a few. SR can reach across borders and touch issues that impact the world, like global warming.

This commonality or personal connection is one of the key reasons SR has not faded and has remained constant in people’s minds, despite other pressing local, national and international affairs. People see SR’s integrative and relevant nature.

For example, the success of Al Gore’s book and movie, *An Inconvenient Truth*, reflected the public’s attitude and a feeling of interconnectedness to environmental issues. The amazing, heartfelt reaction to the disasters of the Asian Tsunami in 2004 and Hurricane Katrina in 2005 also demonstrated people’s interconnectedness with each other when thousands donated time, money and efforts to help others recover. A sense of SR was at the core of those relief efforts.

Social awareness and SR also catch the public’s attention when high profile figures step forward and act. Two examples of this celebrity involvement in SR include:

- Billionaire philanthropists Bill and Melinda Gates and their work with their foundation, which focuses on health and education initiatives in the United States and across the world.
- Musician Bono, the rock star turned global activist, on a crusade to help save millions from the AIDS pandemic in Africa.

Meanwhile, regular folks like you and I have discovered we can quickly and easily contribute to SR in small ways that can make a real difference. For example, anyone can help reduce global warming by making simple changes such as switching from incandescent light bulbs to compact florescent bulbs. Home building has become more focused on green initiatives, too.

An increased interest in energy conservation and recycling continued to push the expansion of green

building practices—for example, Energy Star programs and certified products. Another example of this is the Leadership in Energy and Environmental Design (LEED) rating system, a national benchmark for the design, construction and operation of high performing green buildings. LEED promotes a systems approach to building performance and sustainability.

“Green and Growing” (see sidebar below) describes a voluntary program in Wisconsin that encourages organizations to monitor their environmental impact.

Standards, Baldrige and SOX

While public sentiment supported and demanded SR, other events were already under way to keep SR a priority. Many organizations were already creating frameworks to facilitate SR in a more formal manner. Standards and models already existed that addressed elements of SR in different ways, such as ISO 14001—the environmental standard—and OHSAS 18001 for health and safety.

With more applications and the more integrative use of these two standards with ISO 9001, management systems were becoming more commonly used

to provide structured approaches to support and promote SR.

Indeed, updates to these standards focused on further integration and a natural alignment with the Malcolm Baldrige National Quality Award criteria.⁴ SR was also becoming a more highly visible element in the Baldrige criteria, providing an ideal example of how SR could be considered, implemented and evaluated as part of an organization.

Another significant result of the corporate scandals was the development of the Sarbanes-Oxley Act (SOX) of 2002. Through SOX, the Securities and Exchange Commission mandated that public companies have an operational system of internal controls and investigate their operations, and that CEOs and CFOs certify their companies’ financial statements.

Developing an SR standard

Prior to that, there was a specific standard geared toward SR: SA8000, developed by Social Accountability International. SA8000 is a voluntary standard that encourages organizations to maintain socially acceptable workplace practices.

Also, the International Organization for Standard-

GREEN AND GROWING

An example of how a voluntary approach to standards can help increase involvement and create an atmosphere of collaboration is the successful Green Tier program in Wisconsin.

Green Tier is a voluntary program that recognizes and rewards environmental performance that exceeds legal requirements related to health, safety and environment resulting in continuous improvement in the state’s environment, economy and quality of life.

In the past, environmental policy programs have centered on a command and control approach to regulation. Regulatory programs have no way to recognize regulated entities that go beyond compliance to minimum environmental requirements.

In other words, organizations that achieve a high level of environmental performance receive no more benefits or recognition than those that merely comply with the minimum.

Green Tier recognizes environmentally innovative companies that go above and beyond the bare minimum to engage in superior environmental performance while improving their bottom line.

The program adapts to the needs of the company, community and environment by using collaborative contracts, charters and environmental management systems (EMS).

The goals of the program include environmental improvement beyond that which is achieved through mere compliance, community development and economic gain.

While entry into the program is voluntary, participation is governed by a legal agreement. Companies, communities and governments negotiate agreements, contracts and charters that are flexible, innovative, efficient and enforceable.

Contracts and charters are linked to an organization’s EMS to assure predictable performance, due diligence and continual improvement. Self-auditing, public involvement and reporting make the processes transparent and the results verifiable.

The Green Tier program places emphasis on the development of an EMS, which might be an ISO 14001-certified or a functionally equivalent EMS, and a documented history of results.

This program has encouraged many organizations to raise the bar, develop an EMS or gain certification. —D.L.

ization's (ISO) consumer policy committee conducted an assessment of standards designed for SR because "an increasing number of consumers are expressing their concern regarding the social integrity of corporations in their operations."⁵

The ISO Strategic Advisory Group (SAG) described SR as "a balanced approach for organizations to address economic, social and environmental issues in a way that aims to benefit people, communities and society."⁶

This led to the proposal and the development in 2004 of the voluntary international standard ISO 26000 on SR, now scheduled for release in 2010. ASQ has had a key role in developing ISO 26000, administering the U.S. Technical Advisory Group (TAG) on social responsibility.

ASQ was selected by the American National Standards Institute (ANSI) to represent the United States in development, during which it recognized that "society is placing increasing demands on organizations to operate in a socially responsible manner. But there exists widespread lack of clarity about what 'socially responsible' means and how to accomplish it ...

"ASQ believes that being socially responsible means that people and organizations behave ethically and with sensitivity toward social, cultural, economic and environmental issues. Striving for social responsibility helps individuals, organizations and governments have a positive impact on development, business and society."⁷

QUALITY AND SR: HELP ASQ MAP THE CONNECTION

By Paul Borawski

Companies have always made decisions based on dollars and cents. Quality has always played a key role in that process.

But today, more and more companies are seeing beyond the bottom line. Responsible and effective leaders recognize that we also need to conduct business in ways that protect the future, develop communities and advance the health of our planet.

The term "social responsibility" (SR) has come to stand for a broad collection of organizational concerns, including environmental impact, corporate citizenship, ethics, stakeholder accountability and community relations. Quality continues to play a key role in making decisions that address these concerns.

What is SR?

Quality professionals have long recognized the importance of socially responsible business behavior. No less a quality guru than Genichi Taguchi drew a direct connection, saying that a product or service demonstrated good quality if its production and use caused little to no harm to society.

Today, the International Standards Organization is developing ISO 26000, a proposed SR standard. The latest working draft defines SR as "people and organizations behaving and conducting business ethically and with sensitivity toward social, cultural, economic, and environmental issues."

Business leaders also are increasingly aware that "doing the right thing" need not be at odds with business success. Quite the opposite: Embracing SR—effectively and publicly—creates new opportunities for businesses to grow, adapt and win new respect from customers and the larger community.

Quality can, and does, play a central role in helping companies grow in socially responsible ways, by maximizing the efficiency with which new, socially responsible practices and processes are developed and implemented.

What's more, quality professionals with a demonstrated commitment to SR are helping to create new opportunities for themselves in the future, as more organizations look for help to develop and sustain their socially responsible platforms.

Let us tell your story

ASQ wants to know how your business or organization is using quality to achieve socially responsible outcomes.

We're seeking real-world examples that demonstrate how quality tools, techniques and principles can help build business while building a better world.

We want to know:

- How is your organization, community or one you are familiar with currently addressing SR?
- What quality tools and resources are used to achieve SR?
- What are your measures of success?

ASQ's professional writers and editors can work with you to turn your story into a case study, journal article or online testimonial.

For more information and to submit your story, please email qualitySR@asq.org.



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The intention of the ISO 26000 standard is to:

- Assist organizations in addressing their social responsibilities while respecting cultural, societal, environmental and legal differences and economic development conditions.
- Provide practical guidance to operationalize social responsibility, identify and engage with stakeholders, and enhance the credibility of reports and claims about social responsibility.
- Emphasize performance results and improvement.
- Increase confidence and satisfaction in organizations among their customers and other stakeholders.
- Be consistent and not in conflict with existing documents, international treaties and conventions and existing ISO standards.
- Promote common terminology in the social responsibility field.
- Broaden awareness of SR.
- Not reduce government's authority to address organizations' SR.⁸

ISO 26000 provides a broad, nonprescriptive framework in which to work—for example, a set of guidelines that can be incorporated into MBNQA criteria and supported and integrated with ISO 9001, ISO 14001, OHSAS18001 and SOX.

It has the potential to have the same or even more value and impact than these existing standards. As a voluntary standard, it can also help organizations achieve the relevant requirements. The usual format is for quality requirements to be of a contractual nature, and environmental and safety requirements to be based on regulatory requirements.

Industry wide SR adoption

Today, many organizations have adopted strategic SR approaches that have impacted public perception, carbon monoxide reduction, operational changes and other financial and nonfinancial performance:

- Sun Microsystems has focused on eco-responsibility and helped form various trade coalitions and initiatives to develop codes of conduct, energy savings and supply chain management tools.
- Hewlett Packard (HP) has collaborated with the World Wildlife Fund on an initiative to reduce HP's greenhouse gas emissions by 15% by 2010.
- DuPont has developed a program called Base of the Pyramid focused on poverty stricken nations.
- General Electric has developed its Ecomagination

initiative aimed at spending \$1.5 billion per year on renewable energy and green research by 2010.

- Multi-national firms have formed initiatives to shape corporate behavior, such as the Business Leaders Initiative on Human Rights. This group includes firms such as ABB, Ericsson and Gap.

Other organizations strongly involved in SR are those you might not immediately expect—like BP and Shell. Realizing that public opinion is important and future business will depend on their management and operational practices, these companies are focusing on their environmental impact and social perceptions.

Another oil company, Exxon Mobil, produces a significant amount of energy in Africa and has focused the efforts of its SR programs on eradicating the threat of malaria there and educating women and girls in some of the continent's developing countries.

Sustaining SR

The focus on SR has certainly not faded. In fact, the need for more attention to SR was underscored last year when news broke about lead-tainted toys and toxic pet food.

To some extent, nothing has changed. There is still a critical need to sustain the role of quality and SR. The impact that quality professionals and ASQ can play in its continued development remains relevant and essential; there is a continued need for ASQ members to realize the integrative nature of SR and be aware of ISO 26000 and the value it can provide.

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