Adoption of social responsibility through the expansion of existing management systems

Pavel Castka
University of Canterbury, Christchurch, New Zealand, and
Michaela A. Balzarova
Lincoln University, Lincoln, New Zealand

Abstract
Purpose – The paper’s aims are: to scrutinize International Organization for Standardization (ISO) 26000 international guidance standard for social responsibility; to discuss the role of this standard in the adoption of social responsibility in organisations with existing quality management systems in line with ISO 9000.

Design/methodology/approach – Building on academic literature and recent resolutions and working documents from ISO, the paper discusses ISO 9000 and ISO 26000 in five areas: general description; scope; approach to supply chain management; principles and content.

Findings – Provides a comparison between ISO 9000 and ISO 26000 in each area listed above. Argues for ISO 9000 to provide a structural and infrastructural platform for organisations to develop and adopt corporate social responsibility (CSR) and for ISO 26000 to facilitate a shift from customer focus to stakeholder focus hence creating a business-to-society orientation in organisations.

Practical implications – A very useful source for those who work in the arena of CSR and those wanting to stay at the cutting edge of the latest developments in CSR and international standardization. Advocates an approach for managers to utilize ISO 26000 to review strategy and management systems in organisations.

Originality/value – Provides an analysis of future trends in CSR and ISO standards. Sets areas for future research.

Keywords ISO 9000 series, Corporate social responsibility, Quality management, Standardization

Introduction
Recent activism in academic, business, governmental and non-governmental circles has witnessed a mounting debate centred around global social and environmental issues (Doh and Guay, 2006). The keyword in these debates is corporate social responsibility (CSR – also referred to as social responsibility). In a broader sense, CSR means that organisations should take responsibility for their impact on society and the environment (International Organization for Standardization (ISO/WD26000, 2006)) that goes beyond their legal obligations (EC, 2001)[1]. Given the importance and proliferation of this matter, what can managers do and how can organisations adopt CSR?

The literature on this topic is growing and many prolific management thinkers (McIntosh, 2004; McWilliams and Siegel, 2001; Porter and Kramer, 2006; Waddock and Bodwell, 2004) and influential organisations such as British Standards Institution (Castka et al., 2004a; Rosam and Peddle, 2004), Social Accountability International (SA8000, 2001) and Global Reporting Initiative (GRI, 2002) provided their viewpoints.
on CSR. However, the most influential initiative in this area in recent years is the development of ISO 26000 international guidance standard for social responsibility (ISO/TMB, 2004) under the umbrella of ISO. ISO, established in 1947, is the world’s leading developer of international standards and has membership of 156 national standards bodies world-wide. As ISO standards play an important role in global economy to facilitate trade, spread knowledge and share technological advances and good management practices (ISO/TMB/WG/SR, 2006), it is very likely that ISO 26000 will become a highly influential social responsibility standard in the future.

Scope and boundary of the research enquiry
In this paper, we aim to scrutinize ISO 26000 and discuss its role in the adoption of social responsibility in organisations. In particular, we focus our discussion on the adoption of ISO 26000 through the expansion of existing quality management systems (QMS). For that purpose, we juxtapose ISO 26000 to ISO 9000 – 3QMS standard. We advocate that the role of ISO 9000 is to provide a structural and infrastructural platform for organisations to develop and adopt CSR whilst the role of ISO 26000 is to facilitate a shift from customer focus to stakeholder focus hence creating a business-to-society (B2S) orientation in organisations.

The relevance for this direction of our inquiry is manifold. Firstly, ISO 9000 QMS standard is the most important standard in the area of management practices and as such represents a global management technology (Uzumeri, 1997). ISO 9000 has been adopted by over 6,70,000 organisations in 154 economies (ISO/Survey, 2004) in sectors as diverse as manufacturing (Terziovski et al., 1997; Briscoe et al., 2005), health sector (Staines, 2000), software or police departments (Amari, 2004). Apart from ISO 9000 certified organisations, there is even a greater number of organisations that use the idea and spirit of process-based management to manage their organisations without seeking ISO certificate. Hence, over the years, ISO 9000 became a truly global benchmark for “management technology” in organisations. Secondly, scientific studies have proven similarities in diffusion patterns and motivations for ISO 9000 and other standards such as ISO 14000 environmental management systems standard (Corbett and Kirsch, 2001). These studies have concluded that the uptake of other ISO standards is influenced and indeed driven by ISO 9000. Thirdly, ISO 9000 is often seen as a starting point in a journey toward business excellence (Ho and Fung, 1994). This journey is described as a natural progression from lower levels of organisational maturity towards the ultimate goal, referred as “business excellence”. This progression is associated with the use of quality management tools and techniques – starting from basic quality tools such as 5-S, total production maintenance through more advanced (ISO 9000) leading to the most mature approaches such as business excellence models (Ho and Fung, 1994). This “ultimate organisational maturity” is labelled differently by various authors – such as TQM (Ho and Fung, 1994), learning organisation (Senge, 1990) or CSR Excellence (Castka et al., 2004a, b, c; Peddle and Rosam, 2004). Given these arguments, we find it timely and relevant to explore the linkage between ISO 9000 and ISO 26000 and in particular to discuss their roles in the expansion from a QMS toward a broader system that adopts the main tenets of CSR.

Many researchers have stressed that organisational maturity is a long-term progress requiring years of organisational development (Peddle and Rosam, 2004; Castka et al., 2004b; Karapetrovic and Jonker, 2003; Ho and Fung, 1994).
This conclusion applies to CSR as well. The spirit of this argument is shown in Figure 1, which is a modification of Peddle and Rosam’s (2004) work. Here, the pathway toward “ultimate organisational maturity” (labelled here as CSR excellence) is seen as a progression from process-based management (for instance based on ISO 9000) by simultaneous development of the following elements: management systems, people skills and learning and change spirit in organisations. Figure 1 also shows other standards/tools/requirements/guidelines that are generally used in the organisational progression toward CSR excellence. Undoubtedly, there are many more to be mentioned. Yet in this paper we focus just on ISO 9000 and ISO 26000 and we limit the discussion to management system development entirely.

**ISO 9000 and ISO 26000**

In this section of the paper, we scrutinize the two standards in question: ISO 9000 and ISO 26000[2]. To do so, we analyze the similarities and differences in five areas (listed as Items 1-5 in Figure 2).

**Item 1: general description**

General description shown in Figure 2 suggests that ISO 9000 is a QMS standard whilst ISO 26000 is a guidance on social responsibility. These general descriptions reveal two significant differences. The first difference is the design of these two standards. ISO 9000 is designed as a meta-standard (Uzumeri, 1997). This means that the standard defines the key requirements for a management system. ISO 26000, on the other hand, does not aim to define neither a management system nor a set of requirements. It stays at a broader level offering guidance on social responsibility. The second difference is related to third party certification. In case of ISO 9000,
organisations can seek an independent third party certification, which is provided by external audit against the requirements of ISO 9000. Contrary to ISO 9000, ISO 26000 is intended as guidelines and third party certification will not be offered (for the details about the first steps in the standardization of ISO 26000 see Castka and Balzarova, 2008).

**Item 2: scope**

In terms of the scope of these two standards, ISO 26000 takes noticeably broader approach in comparison to ISO 9000. Whereas ISO 9000 focuses at QMS and its specifications, ISO 26000 discusses current issues in the field of social responsibility

<table>
<thead>
<tr>
<th>Item</th>
<th>Standard</th>
<th>ISO 9000:2000</th>
<th>ISO/WD 26000¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>General description</td>
<td>Quality Management Systems standard</td>
<td>Guidance on Social Responsibility</td>
</tr>
<tr>
<td>2</td>
<td>Scope²</td>
<td>Specifies requirements for a quality management system where an organisation needs to demonstrate its ability to consistently provide product that meets customer and applicable regulatory requirements, and aims to enhance customer satisfaction through the effective application of the system, including processes for continual improvement of the system and the assurance of conformity to customer and applicable regulatory requirements.</td>
<td>Promotes common understanding in the field of social responsibility; provides guidance that is applicable to all types of organisations; takes account of societal, environmental and legal diversity, as well as differences in economic development conditions, except where these are in conflict with broadly accepted international norms of socially responsible behaviour</td>
</tr>
<tr>
<td>3</td>
<td>Supply chain management²</td>
<td>Supplier →組織→ customer</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Principles³</td>
<td>Customer focus Leadership Involvement of people Process approach System approach to management Continual improvement Factual approach to decision making Mutually beneficial supplier relationships</td>
<td>General Principles (respect for internationally recognised conventions and declarations and widely recognised instruments derived from them; respect for the rule of law; and recognition of the right of stakeholders to be heard and the duty of an organization to respond). Substantive Principles (the environment, human rights, labour practices, organisational governance, fair business practices, community involvement, consumer issues) Operational Principles (accountability, boundaries, integration, materiality, multi-stakeholder approach, transparency, life cycle approach)</td>
</tr>
<tr>
<td>5</td>
<td>Content</td>
<td>4 Quality management system 5 Management responsibility 6 Resource Management 7 Product realization 8 Measurement, analysis &amp; improvement</td>
<td>4 The SR context in which all organisations operate 5 SR principles relevant to organisations 6 Guidance on core SR subjects/issues 7 Guidance for organisations implementing SR</td>
</tr>
</tbody>
</table>

**Notes:**

¹ The analysis is based on Working Draft 2 – ISO/WD 26000 N 80, 2006
² The figures are taken from ISO 9001:2000 (p.1) and ISO/WG 26000 (p.45)
³ Principles are taken from ISO 9004:2000 and ISO/WD 26000 (Clause 5)
such as social, environmental and legal diversity in the world and puts them in the perspective in terms of globalization, climate change, organisational governance and sustainable development to name but a few. Consequently, ISO 26000 demonstrates how to understand and translate these issues into organisational settings. The focus is on stakeholders and society in large as opposed to predominantly customer focus in ISO 9000. As the social responsibility field is less defined and understood, ISO 26000 devotes more space to discussing and defining wider societal issues in comparison to ISO 9000. Here, one of the explicitly stated aims of the standard is to promote common understanding in this field.

**Item 3: supply chain management**
ISO 9000 requires organisations to include supply chains partners in their QMS. The standard stresses that “an organisation and its suppliers are interdependent and a mutually beneficial relationship [one of the key quality management principles] enhances the ability of both to create value” (ISO 9000, p. vi). A supplier in ISO 9000 is understood as a producer, distributor, retailer or vendor of a product, or provider of a service or information (ISO 9000, p. 10). ISO 9000 describes supply chain management especially in terms of purchasing and product realization. However, ISO 9000 limits the description of supply chains to immediate and salient suppliers (Figure 2, Item 3). ISO 26000, on the other hand, extends ISO 9000’s description and understanding of supply chain management by providing more complex “supply web” approach. This includes extended upstream and downstream involvement and integration as well as environmental approaches such as recycling or life-cycle assessment (Figure 2, Item 3). Stakeholders are not only immediate/salient suppliers but also any stakeholder positioned upstream or downstream within the supply chain.

**Item 4: principles**
ISO 9000 outlines a set of eight quality management principles (QMPs, Figure 2; Item 4). Introduced for the 2000 revision of ISO 9000 standards, QMPs serve as a counterpart to management systems’ “rationality” and emphasise the spirit in which the ISO 9000 standard should be implemented. Whilst ISO 9000 QMPs are mainly focused at operationatization of a QMS, ISO 26000 outlines a three-set of principles that emphasis a B2S orientation: general (overriding principles that apply to all circumstances); substantive principles (apply to outcomes for which organisations are accountable) and operational (apply to the nature and quality of the process). In ISO 26000, social responsibility principles are seen as general laws or rules adopted as “a basis for conduct or practice that should animate or inform an organization’s decision-making and conduct” (ISO/WD26000, 2006, p. 3). This last point highlights the important difference in these two standards: ISO 26000 devotes much larger space to guiding organisations through CSR-related decision making.

**Item 5: content**
The final item in Figure 2 shows an overview of the content of both ISO 9000 and ISO 26000 standards. The core of ISO 9000 is based on five clauses that specify the requirements for the QMS. Clause 4 deals with general system requirements, whilst Clauses 5-8 provide requirements for specific elements of QMS. The core of ISO 26000, on the other hand, is built around four clauses. In contrast to ISO 9000, though,
ISO 26000 dedicates larger space for decision making related to social responsibility. Clauses 4-6 (SR context, SR principles and SR issues) should serve organisations to understand, analyse and make informed decisions about social responsibility. Clause 7, named guidance for organisations implementing social responsibility, provides practical guidance on integration and implementation of social responsibility in organisations. In this respect, this clause could be seen as counterpart of the entire ISO 9000 as it provides a framework that shares similarities with the logic and spirit of QMS (such developing strategies and objectives; reviewing performance for improvement, etc.).

Discussion
The research from ISO 9000 certified organisations suggests that ISO 9000 is utilised primarily to address quality improvements, customer satisfaction and improvement in corporate image (Castka and Balzarova, 2006; Corbett and Luca, 2002). However, these studies also show that ISO 9000 is not very much utilized in areas that are important for CSR; namely, relations with communities, relations with authorities and environmental improvements. In other words, ISO certified companies mostly use ISO 9000 to drive their operations and to implement and improve management systems to support their operations. This is also reflected in the finding that ISO 9000 usually serves as a building block that provides a platform to integrate other systems or requirements (Castka et al., 2004a, b, c; Karapetrovic and Willborn, 1998) and/or to expand toward wider business developments (Zwetsloot, 2003). Hence, we suggest the following role for ISO 9000:

R1. The role of ISO 9000 is to provide a structural and infrastructural platform for organisations to develop and adopt CSR; i.e. to provide a management system build around management responsibility, resource management, product/service realization and measurement, analysis and improvement and based on eight quality management principles.

A comparison of ISO 9000 and ISO 26000 (shown in Figure 1 as well as in the previous section of the paper) highlighted several features where ISO 9000 and ISO 26000 show similarities. Indeed, some features are almost identical (i.e. generic nature of both standards, importance of principles, holistic view on an organisation and its environment, etc.). Whereas these features are similar in nature, they are different in scope. The most significant difference is in the shift from customer focus toward stakeholder focus. Whereas ISO 9000 focuses on business-to-business relationship building, ISO 26000’s focus is on building of B2S relationship. This is evident in all items shown in Figure 2. For instance, Item 4 “Principles” demonstrates this difference. ISO 9000’s principles reflect its focus on the organisation itself (i.e. process approach, systems approach) and its immediate stakeholders (i.e. mutually beneficial supplier relationships). ISO 26000, on the other hand, formulates more detailed list of principles that go beyond an organisation and its immediate stakeholders (i.e. focus on life cycle approach; respect to stakeholders, etc.).

Similar conclusions could be drawn for supply chain management (Item 3, Figure 2); i.e. supply chain focus in ISO 26000 outreaches the immediate boundaries of an organisation and is covering a different set of principles in comparison to ISO 9000. In particular, CSR issues such as sourcing from minority-owned suppliers, human rights,
health and safety became recently a focus in purchasing and supply chain management studies (Carter, 2005). These issues are covered in detail in ISO 26000. For instance, Clause 7.2.3 outlines an approach to analysis of the boundaries of social responsibility. Hence, our next role:

R2. The role of ISO 26000 is to facilitate a shift from customer focus to stakeholder focus hence creating a B2S orientation in organisations.

Stakeholder approach in ISO 26000, however, does not represent anything radically new in the field of management. Previous academic work (Waddock and Bodwell, 2004; Berman et al., 1999; Windsor, 2006; Hillman and Keim, 2001; Clarkson, 1995) and also the work in standardization (AA1000, 1999; DR03028, 2003; SA8000, 2001; SII10000, 2001) took a similar approach. The literature is also rich on individual CSR core issues that are specified in Clause 5 of ISO 26000 (i.e. environment, labour practices, organisational governance, consumer issues, community development and fair operating practices). Examples include literature on green supply chains and environmental excellence (Srivastava, 2007; Corbett and Klassen, 2006), business excellence and sustainability (Garvare and Isaksson, 2001), reverse logistics and remanufacturing (Guide and van Wassenhove, 2001), corporate philanthropy (Porter and Kramer, 2002), sustainable development and climate change (Kolk and Pinkse, 2005), fair labour practices (Mamic, 2004) and CSR/strategy/operations (Hayes et al., 2005; Srivastava, 2007; Porter and Kramer, 2006). All these studies provide an insight into core CSR issues and undoubtedly into the future studies into ISO 26000.

However, research so far appears to be rather compartmentalised into these aforementioned areas. ISO 26000, on the other hand, brings all of these together as core issues for CSR. This is a significant contribution given the complexity of the CSR agenda. Moreover, ISO 26000 is developed through a multistakeholder dialogue at the international level (ISO/TMB/WG/SR, 2006). In this respect ISO 26000 presents the most advanced, the most complex and the most legitimate CSR “document” currently available. Hence, the next role:

R3. The further role of ISO 26000 is to provide organisations with an internationally agreed framework that constitutes the core CSR issues, CSR principles and implementation framework for CSR.

Practical implications
A number of organisations adopting CSR is growing. The literature suggests that three motivations prevail: coercive, altruistic and strategic (McWilliams et al., 2006). In any of these cases, we advocate that managers use ISO 26000 to review CSR in their respective organisations. As it regards ISO 9000, we recognize that some organisations may use it as a building block to embark upon the pathway to CSR excellence. Yet at the same time, we do not advocate ISO 9000 as a necessary prerequisite. A mature process-based management system and/or excellence model would serve equally well.

The review of organisational CSR should happen at the three levels (Figure 1): management systems development, people skills development and learning and change in organisations. In other words, organisations need to review their management systems that should embrace the extended scope, principles and content of ISO 26000 (Figure 2). At the same time, management system in place does not ensure the engagement and behaviour of people that use the system. Hence, organisational
competences as well as learning and willingness to change need to be developed accordingly. In this paper, we have limited our scope to management system hence our recommendations for managers in terms of management systems development are to:

- **Review strategic positioning of their organizations.** ISO 26000 describes in detail context in which organisations operate, social responsibility principles and core social responsibility issues (Clauses 4-6). These clauses can be used to review the current strategic positioning of organisations. Organisations can utilize a “Looking Outside In” framework (Porter and Kramer, 2006) and analyze context of their firm strategy and rivalry, local demand conditions, related and supporting industries and factor (input) conditions and use ISO 26000 to guide their thinking.

- **Review management systems in their organizations.** ISO 26000 provides guidance on integrating and implementing social responsibility in organisations (Clause 7). This can be used to review the entire quality (or business) management systems to provide areas for modification, extension or integration. Organisations can opt for an audit or utilize “Looking Inside Out” framework (Porter and Kramer, 2006) and map the social impacts of the value chain. Again ISO 26000 should provide a guidance and inspiration in these areas.

We also envisage that linking the review of organisational strategic positioning and management systems can bring improvements in both of these areas. For instance, organisations may find a new way of utilizing their internal competencies (in line with the resource-base view of the firm; Hart, 1995) or a unique market niche that will provide new opportunities (see Hargroves and Smith, 2005 for some examples of socially responsible approaches in sectors as diverse as banking, food supply chains, recycling, mining, etc.). Furthermore, as ISO 26000 will not be offered for third party certification, there will be little space for coercive pressure that organisations experienced with ISO 9000 in the past (Guler et al., 2002). This is a chance for organisations to demonstrate their leadership role in CSR. In a similar vein, organisation can use ISO 26000 to review CSR in their supply chains. In particular, the standard should guide through important decisions related to clarification of upstream and downstream boundaries of CSR, transparency, information exchange or life-cycle analysis in their supply chains.

### Research implications

ISO 26000 will certainly bring a fruitful ground for future research into the CSR agenda. These areas were outlined in Castka and Balzarova (2008) – here we highlight the areas stemming directly from this paper. Firstly, this paper is based upon Working Draft 2 of ISO 26000. We argued that this was adequate for the type of high-level comparison provided in this paper (we argued that the final version of the ISO 26000 standard will maintain the spirit and structure of Working Draft 2). Consequently, our discussion avoided detailed analysis and comparisons between ISO 9000 and ISO 26000 as ISO 26000 clauses have not been finalized yet. Further research needs to be done to address the comparison of ISO 9000 and ISO 26000 in more detail. Secondly, we envisage that the challenge for scholars as well as practitioners will be to find ways to comprehend the complexity and integrative nature that ISO 26000 suggests and promotes. Can the core issues of ISO 26000 be addressed in a single organisation without compromising its competitiveness? Can a single organisation adopt all operational principles (Item 4, Figure 2) in a harmony? Does an optimum balance exist?
Why will organisations seek to adopt ISO 26000? Thirdly, we suggest that further research investigates country specifics in the adoption of ISO 26000. For instance, researchers can focus on the role of national legislation on the adoption of the standard (similar arguments were made by Delmas, 2002 whilst comparing the uptake of ISO 14000 in the USA and Europe). Finally, we have limited the paper to the discussions of the management system element of the CSR excellence journey (Figure 1). Other developments were beyond the scope of our paper. These limitations set the boundaries for this paper but we encourage other researchers to explore these areas. Namely, the roles of other tools and techniques in the pathway toward CSR excellence and behavioural aspects related to development of people skills and learning and change elements as shown in Figure 1.

Policy implications

Governmental, industry and consumer pressures contribute significantly to adoption of self-regulatory regimes in the global economy – including the adoption of CSR self-regulation. We predict that ISO 26000 will become a common standard to facilitate and provide a common platform for this process in the near future. However, the role of governments will be not only to encourage organisations to adopt ISO 26000 but also to ensure the national policies reinforce the quality of its adoption. As advocated by Christmann (2004) in relation to regulation of environmental conduct, governments need to promote transparency and focus on international government cooperation to instigate pressure on organisations to adopt higher internal global performance standards. Christmann (2004) argues that the transparency can be promoted by collecting and disseminating environmental performance data for firms such as TRI database in the USA. Similar approach can be taken in relation to CSR. In fact, ISO 26000 contains a number of environmental issues hence it would be a natural step to expand environmental performance databases by the inclusion of social responsibility measures. Similarly, the governments can coordinate their sustainability efforts – such as introduction of emissions trading scheme – to create an integrated package of environmental and social responsibility policies.

Conclusion

This paper scrutinized ISO 26000 – international standard for social responsibility – and its role in the adoption of social responsibility in organisations with existing QMS in line with ISO 9000. We have outlined general features of the progression from ISO 9000 toward a broader system that encompasses CSR. We stressed the complexity of this issue by seeing the progression as a set of interlinked developments (namely management systems, people skills and learning and change) and a set of tools and guidelines (such as ISO 9000, ISO 26000, sector specific standards, programmes or tools). Out of these vast set of activities, initiatives and developments, we have limited the scope for this paper to the discussion of management systems development and the role of ISO 9000 and ISO 26000 in this particular area. Furthermore, we juxtaposed ISO 9000 and ISO 26000 and discuss the differences and similarities between these two standards. Here, we have scrutinized these standards in five items (general description, scope, supply chain management, principles and content). We have concluded by outlining three critical roles that ISO 26000 plays in the adoption of social responsibility and provided managerial implications for practitioners.
Notes

1. Definitions of CSR are abundant and ever evolving (Lockett et al., 2006). One of the most referred definitions is by the World Business Council for Sustainable Development (1999) that defines CSR as “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.” Indeed this definition sets the benchmark for the recent debates and developments in this area – including ISO 26000. ISO/WD26000 (2006, p. 2) states that social responsibility means “…actions of an organization to take responsibility for the impacts of its activities on society and the environment, where these actions are consistent with the interests of society and sustainable development; are based on ethical behaviour, compliance with applicable law and intergovernmental instruments; and are integrated into the ongoing activities of an organization.”

2. As ISO 26000 is still under development, we use Working Draft 2 for our discussions (ISO/TMB/WG/SR, 2006). This is seen as adequate as the final version of the ISO 26000 standard will maintain the spirit and structure of Working Draft 2.

References


GRI (2002), Sustainability Reporting Guidelines, Global Reporting Initiative, New York, NY.


### Further reading


### Corresponding author

Pavel Castka can be contacted at: pavel.castka@canterbury.ac.nz

---

To purchase reprints of this article please e-mail: reprints@emeraldinsight.com

Or visit our web site for further details: www.emeraldinsight.com/reprints