PECB

When Recognition Matters

SOCIAL RESPONSIBILITY – ADDING VALUE TO ORGANIZATION'S REPUTATION

Social Responsibility – adding value to organization's reputation

Until a few years ago, the objectives of businesses were solely focused on profit maximization. However, over the past few years, Social Responsibility has increased in importance as a business goal. The concept of social responsibility has been controversially discussed since the early 70s. Many academics and business practitioners introduced their definitions of social responsibility. Among the existing interpretations, the definition developed by the International Organization for Standardization has been most widely used. ISO 26000 defines social responsibility as the responsibility of an organization for the impacts of its decisions and activities on society and the environment through transparent and ethical behavior.

According to a Green Paper published by the European Commission in 2001, being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing more in human capital, the environment and the relations with stakeholders.

Within the framework of social responsibility, organizations should demonstrate their ethical behavior and sensitivity in their decisions and activities that have an impact on social, cultural, economic and environmental issues.

Organizational governance, human rights, labor practices, environment, fair operating practices, consumer issues, and community involvement and development are seven core subjects addressed in the international standard, ISO 26000 - Guidance on social responsibility.

Since globalization has resulted in an increase in the impact of organizations on society and environment, the awareness about the social responsibility of organizations is significantly increasing. Socially responsible individuals, including employees, customers, suppliers, investors, are demanding from companies and organizations to become more socially responsible.

Social responsibility seems to have numerous benefits for an organization. Enhancing reputation, greater public trust, improving competitiveness, including access to finance and preferred partner status, improving organization's relationship with its stakeholders, enhancing employee morale, loyalty, retention, recruitment of top employees and increasing productivity are only some of these benefits.

A survey, in which business managers were asked why they engage in Social Responsibility, indicated that the main reason was to secure the reputation of the company. If not enhancing, insurance of reputation is listed as one of the most important benefits that social responsibility brings to organizations.

There are various components that play an important role in organization's reputation, and such components include the financial situation, emotional attraction, leadership, work philosophy, social responsibility practices, and the quality of products and services that the company offers, etc.

Several researches have been done to obtain a better understanding of the link between social responsibility and reputation. Now, it is asserted that conducting socially responsible activities is in the long-term interest of the business.

A recent study on corporate reputation of Fortune 100 companies conducted by APCO Worldwide, a global communication consultancy, shows that the overall reputation of a company depends on performance of three key components: the quality of products and services, how well it manages its business operations, and the ability to meet people's expectations on social responsibility.

While for large corporates, social responsibility efforts obviously shape the overall corporate reputation by benefiting in the improved image of the company, there are still some organizations that question its added value to the organization. Particularly, cost remains a major obstacle for investment of small organizations, in social responsibility initiatives.

Whereas, afterwards we will be focusing on the benefits social responsibility has on organization's reputation As Warren Buffett, an American businessman and widely considered the most successful investor of the 20th century, said: "It takes 20 years to build a reputation and five minutes to ruin it."

Public support – A single accusation of 'wrongdoing' can damage an organization's reputation. Yet a damaged reputation has a direct impact on its bottom line. Socially responsible behavior of an organization enhances the brand image and reputation of the organization and fosters greater public trust. Public trust buffers organization from scandal revelations. In times of crisis or controversy, people show their support to organizations they trust.

Risk minimization – As social responsibility is a term that includes a wide range of social, environmental and economic issues, it helps organizations managing and minimizing different kinds of risks; both internal and external. As an example of internal risk minimization may be implementation of proper policies, processes and procedures related to organizational governance, human rights, internal communication, health and safety at work, etc. However, minimization of external risks may include implementation of stricter quality and environmental controls, practicing fair marketing and fair competition, etc. In addition, organizations that adopt social responsibility principles are more accountable for and transparent in their decisions and activities that impact (especially significant negative consequences) on society and environment. This helps them reduce the risk of sudden damage of reputation.

Employee engagement – Contribution of organizations to the development of communities and improvement of society's quality of life help organizations to earn reputation. Such reputation significantly affects in creating favorable attitude of employees towards work and organization, as well as attracting and retaining top talents in future. Engaged employees are more productive and more likely to contribute to organizational success.

Stronger stakeholder relations – Owners, managers, employees, suppliers, customers, shareholders, government, society - these individuals or groups comprise the organization's stakeholders. More and more, organizations are motivated to become more socially responsible because their most important stakeholders expect them to recognize and address the relevant social and community issues. In addition, companies with strong stakeholder relationships have long-term and more sustainable organizational success. In the other hand, conflicts with stakeholders may damage organization's reputation and shareholder confidence.

Improved financial performance – Efforts of organizations to become more environmentally and socially active and responsible are also benefiting to their improved financial performance and profitability. Over the past few years, a great number of studies have been conducted to examine the relationship between social responsibility and financial performance of world leading companies. Many surveys have found a strong and positive correlation between social performance and financial performance of organizations. Moreover, they indicate that a large majority of CEOs believe that social responsibility can improve an organization's competitiveness and is critical to its future success.

Conclusion

Social responsibility is no longer a novel idea. As organizations are subjected to greater scrutiny by their stakeholders, they are becoming increasingly aware of the need for and benefits of socially responsible behavior. ISO 26000 is an international standard that provides guidance on ways to integrate socially responsible behavior into the organization. Adopting social responsibility as a core business strategy can bring countless benefits to the organization. Benefits include the following:

- Enhanced brand image and reputation
- Increased public trust and support
- Risk minimization
- Employee engagement
- Strengthen stakeholder relationships
- Improved financial performance

The increasing awareness on social responsibility is increasing the necessity for experts in this field.

PECB (Professional Evaluation and Certification Board) is a personnel certification body for a wide range of professional standards. It offers ISO 26000 training and certification services for professionals wanting to support an organization in the implementation of a Social Responsibility program, persons responsible for Social Responsibility program conformity in an organization, auditors wanting to master the social responsibility program audit process, and staff involved in the implementation of the ISO 26000 standard.

ISO 26000 and Professional Social Responsibility Trainings offered by PECB:

- Certified ISO 26000 Lead Implementer (5 days)
- Certified ISO 26000 Lead Auditor (5 days)
- Certified ISO 26000 Foundation (2 days)
- ISO 26000 Introduction (1 day)

ISO 26000 Lead Auditor, ISO 26000 Lead Implementer and ISO 26000 Master are three certification schemes accredited by ANSI ISO/IEC 17024.

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