

Social Sustainability Research Theme

Final Paper
(Part 2 - Appendices)

prepared by

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1.0

Research plan for Social Sustainability



1.1

Background

The SIGMA project has delivered a Phase 1 Report which has identified, in the social sustainability area that:

- Σ There is a large number of standards which span different system elements. However, many consider only one aspect of social sustainability, such as values, health and safety, labour standards and information security.
- Σ There is a range of standards and guidelines in the social field which are sector specific.

The purpose of Phase 2, of which this research is a part, is to develop a sustainability management system standard following the systematic analysis of the range of standards and guidelines in use.

This research brief is intended to set out how that might be done.

1.2

SIGMA project structures for the research

Lead Research Organisation

AccountAbility (Mike Pierce)

The lead researcher will be Adrian Henriques, supported by Peter Raynard.

Supporting Research Organisations

Three organisations will be selected during the research to provide peer review of the work in progress. These parties will be selected to provide a broad and constructively critical input to the research. Consultations will take place during the research project at critical stages.

Organisational Partners

The following list of existing SIGMA project partners will be the primary organisational source of information on current practices:

- Σ DETR
- Σ Co-Operative Bank
- Σ Jaguar Cars
- Σ KPMG
- Σ Northumbrian Water
- Σ Thames Water
- Σ Vauxhall Motors Ltd.

However, other organisations will be involved as appropriate and feasible. The intention is to approach a range of different kinds of organisations.

Activities involving organisational partners

Organisational partners will be actively involved in the process through:

- Σ site visits to organisational partners;
- Σ practical explanations and/or insights into application of social reporting and social responsibility activities (where appropriate);
- Σ understanding the level of social engagement amongst organisational partners and how it contributes to performance and the "license to operate."

1.3

Objective

The objectives of the research are to identify elements of existing standards that support the management, development and measurement of the elements of a management system for social sustainability.



1.4

Methodology

The following approach will be used for the research:

- Σ desk-based research to analyse current standards;
- Σ telephone interviews with organisational partners and others to identify current practices;
- Σ interviews (site visits) with leading practitioners;
- Σ analysis and reporting of results;
- Σ peer review of Working Papers as they are produced.

1.5

Key Issues

The idea of 'social sustainability' is not well-defined. These research aims to help define the idea, based on existing work, and to provide recommendations as to the practicable approaches which contribute to social sustainability.

Working definitions are needed for 'social sustainability' and 'social accountability.' These will be used to assess the coverage of existing standards and the merit of current practices.

Some of the issues involved include:

- Σ the distinction between the processes used for the management of social performance of an organisation and the actual delivery of good social performance;
- Σ the use of (social) accountability techniques in the management of economical and environmental performance.

Some of the analytic work will therefore have to include:

- Σ SWOT analysis of existing frameworks and approaches to engagement with stakeholders, and the management and measurement of social issues, including AA1000, SA8000 and GRI;
- Σ examination of how the boundaries of organisational responsibility are set;
- Σ examination of the processes by which organisations can enhance their social performance;
- Σ evaluation of the role of stakeholder engagement in the identification of key issues and measurement of social performance.

1.6

Outputs



1.7

Activities & Timetable

Months 1-2

- ∑ desk based research on corporate social responsibility, building on Phase 1 gap analysis;
- ∑ initial assessment of current social sustainability standards.

Month 2

- ∑ Working Paper on Current standards;
- ∑ interviews with organisational partners;
- ∑ assessment of current practice among organisational partners;
- ∑ peer review.

Months 3-5:

- ∑ Working Paper on Current Practices;
- ∑ development of guidance on potential social sustainability standards.

Month 6:

- ∑ peer review;
- ∑ development of final report.

1.8

Assumptions

The work described above rests on the following key assumptions:

- Σ organisational partners and others are able to support the project in a timely fashion;
- Σ peer review takes place in a timely fashion;
- Σ 20-25 organisations will be interviewed, of which 20 will be drawn from the project organisational partners and made available by the SIGMA project;
- Σ other research teams will consult the social sustainability research;
- Σ continuing and free exchange of views with other SIGMA research teams is possible.

Analysis of Codes & Standards

TABLE 1: ANALYSIS OF CODES AND STANDARDS

Attribute Standard	Dimension Cover	Stakeholder Cover	Process/ Substantive	Accountability	Social Management System			Comments
					Principle/ Vision	Operations	Specific Indicator(s)	
Global Sullivan Principles	SOC, ENV	staff, community, business community	S	1	Yes	No	No	high level definitions
Global Compact	SOC, ENV	staff, communities	S	1	Yes	No	No	high level reference to UN Conventions acknowledges partnership
EMAS	ENV	(staff)	P	1	No	No	No	staff covered only for training includes audit requirement could cover public, communities and NGOs
The Natural Step	ENV, SOC, ECON	(all)	S	1, (3)	Yes	No	No	social and economic aspects not developed
Balanced Scorecard	SOC, ECON	staff,	P, S	2, 3	No	Yes	Yes	partial coverage of stakeholder issues shareholders and dialogue
EFQM	SOC, ECON,	staff, customers, 'society (=community?)	P	1, 2, 3	No	Yes	Yes	environment not fully addressed ' many stakeholders included within 'Impact on Society' indicators are process-based
Investors in People	SOC	staff	P, S	1, 2, 3	Yes	Yes	Yes	only relates to training and development
SA8000	SOC	staff, suppliers' staff, communities suppliers' communities	P, S	1, 2, 3	Yes	Yes	Yes	directly links process with substance concerns with quality of audit

2.0.1

Attribute Standard	Dimension Cover	Stakeholder Cover	Process/ Substantive	Accountability	Social Management System			Comments
					Principle/ Vision	Operations	Specific Indicator(s)	
ETI Base Code	SOC	staff, suppliers' staff, communities, suppliers' communities	P, S	1, 2, 3	Yes	Yes	Yes	emphasises partnership in governance and implementation
AA1000	SOC	all	P	1, 2, 3	Yes	Yes	No	applicable to all stakeholders no guidance on substantive side
London Benchmarking Group	SOC	community, (staff)	P, S	1, 3	Yes	Yes	Yes	
GRI	ENV, SOC, ECON	all	P, S	1, 2, 3	Yes	Yes	Yes	purely reporting focus
Combined Code	ECON, ENV, SOC	shareholders, staff	P, S	1, 3	Yes	No	No	
ISO 9000	SOC	customers, staff, suppliers	P	1	No	Yes	No	
KEY: Note - items social in brackets indicate a partial realisation of the attribute	SOC = social ENV = environmental ECON = economic	list of stakeholders covered	P = process S = substantive	1 = list of responsibility claimed 2 = stakeholder dialogue included 3 = action included	Yes = present No = absent			where appropriate, additional explanatory comments

2.0.2

3.0

Appraisal of Standards



3.1

UN Global Compact

Scope and Goal

The Global Compact is a UN-sponsored platform for encouraging and promoting good corporate practices and learning experiences in the areas of human rights, labour and the environment. It is an entry point for the business community to work in partnership with UN organisations in support of the principles and broader goals of the United Nations, and provides a basis for structured dialogue between the UN, business, labour and civil society on improving corporate practices in the social arena. Finally, the Compact offers a means to significantly broaden the number of companies undertaking such activities.

Stakeholder Specific/General

It is a general standard encompassing, human rights, labour and environmental standards of performance for companies in partnership with those listed above.

Substantive

The Global Compact is rooted in the Universal Declaration of Human Rights; the Fundamental Principles and Rights at Work, of the International Labour Organisation; and the Earth Summit - Agenda 21 principles on the environment. These three texts express a clear set of universal values supported by all governments. No other initiative on corporate social responsibility has such universal and legitimate underpinning.

The Global Compact is not a code of conduct; monitoring and verification of corporate practices do not fall within the mandate or the institutional capability of the United Nations.

At the World Economic Forum, Davos, on 31 January 1999, UN Secretary-General Kofi A. Annan challenged world business leaders to "embrace and enact" the Global Compact, both in their individual corporate practices and by supporting appropriate public policies. These principles cover topics in:

- ∑ human rights;
- ∑ labour;
- ∑ environment.

3.1

a. Human Rights

- Σ support and respect the protection of international human rights within their sphere of influence;
- Σ make sure their corporations are not complicit in human rights abuses.

b. Labour

- Σ freedom of association and the effective recognition of the right to collective bargaining;
- Σ the elimination of all forms of forced and compulsory labour;
- Σ the effective abolition of child labour;
- Σ the elimination of discrimination concerning employment and occupation.

c. Environment

- Σ support a precautionary approach to environmental challenges;
- Σ undertake initiatives to promote greater environmental responsibility;
- Σ encourage the development and diffusion of environmentally friendly technologies.

Process

There is no detailed process as such. However, companies signing up to the Global Compact make the following commitments:

- 1) Issue a clear statement of support for the Global Compact and its principles, and engage in public advocacy for the Compact.
- 2) Post once a year on the Global Compact website (www.unglobalcompact.org) a concrete example of progress made or lessons learned in implementing the principles. This can take many forms, i.e. changes in internal management policies or concrete operational experiences.
- 3) Engage in partnership with UN organisations by undertaking activities that further the implementation of the principles, or by entering strategic partnerships in support of broad UN goals such as poverty eradication.

Beyond that the sources of information recommend and direct companies toward other tools and sources to begin to implement the Compact.

"There is no one way for a company to incorporate the Global Compact principles into its business activities. Rather there are a variety of approaches that can be used."

These include, the ILO Core Labour Standards, UNEP Environmental Reporting, as well as case study material on the implementation of the three areas by other companies.

3.1.2

Comments, Issues, Strengths and Weaknesses

The Compact has the strength of being at a very high level in the global system and based at the UN. On the other hand there has been some criticism by NGOs about the nature of the engagement with business and the UN.

The Compact, in encompassing three main areas of sustainability (human rights, labour, and environment) can have both the effects of further promoting the integration of such issues into business practices while at the same time adding to the emerging proliferation of standards of performance. It is too early to judge, however it would seem in its promotion of other processes for implementation that it is emphasising the latter. One key strength is the emphasis on partnership and stakeholder engagement by companies in their implementation of the Compact and that "All potential partners recognise that a non-confrontational approach is conducive to arriving at solutions to the social challenges of globalisation."

Contact Details

UN Global Compact

3.2

Eco management and Audit Scheme (EMAS)

Scope and Goal

This is a European environmental quality standard, with the aims of:

- Σ preventing pollution;
- Σ ensuring the sound management of resources through improved environmental performance;
- Σ the use clean or cleaner technology;
- Σ sustainable growth.

It is certifiable and initially had an industrial focus within Europe. However, a revision of EMAS has widened its scope. Its principles are also applicable worldwide.

Stakeholder Specific/General

It is a general standard that has no specific stakeholder focus.

Substantive

EMAS requires an Environmental Policy to be in existence within the organisation, fully supported by senior management, and outlining the policies of the company, not only to the staff but also to the general public and other stakeholders. The policy needs to clarify compliance with Environmental Regulations that may affect the organisation and stress a commitment to continuous improvement. Emphasis has been placed on policy as this is seen to provide the direction for the remainder of the Management System.

The following areas are accounted for within the system:

- Σ Sea/Water - Examine, assess & register controlled and uncontrolled discharges to water or sewers
- Σ Land - Examine, assess & register contamination of lands
- Σ Air - Examine, assess & register controlled and uncontrolled emissions to atmosphere
- Σ Protected areas - Examine, assess & register effects on specific parts of the environment and ecosystems
- Σ Raw materials and natural resources - Examine, assess & register use of land, water, fuels and energy, and other natural resources
- Σ Waste Management - Examine, assess & register solid and other wastes, particularly hazardous wastes
- Σ Energy - Examine, assess & register use of land, water, fuels and energy, and other natural resources
- Σ Noise & Odour - Examine, assess & register discharge of noise & odour

3.2

Process

An independently verified, systematic, objective & periodic evaluation is carried out. Annual preparation of environmental statements not required where verifier considers that is not required, and where there have been few significant changes since last statement. In addition, Companies should adopt an environmental policy that must include commitments aimed at the reasonable continuous improvement on environmental performance.

The audits are designed to provide additional information to exercise effective management of the system, providing information on practices, which differ to the current procedures or offer an opportunity for improvement. Under EMAS the minimum frequency for an audit is at least once every three years.

Comments, Issues, Strengths and Weaknesses

In terms of the social aspects of EMAS there is little in the way of stakeholder negotiation or engagement about environmental management and performance of the company. There is awareness raising and training of staff relating to issues embodied in EMAS, but all seem to be non-negotiable. On the other hand there seems to be the opportunity for staff to be involved in the improvement of environmental performance through the EMAS process. In addition, it is independently audited, published and commitments are made for continuous improvement against which future performance is measured.

Contact Details

The EC requires each member state to have a Competent Body for the administration of the scheme within that member state. In the UK, the Competent Body is the Institute for Environmental Management and Assessment (IEMA).

www.emas.org.uk.

3.3

The Natural step

Scope and Goal

The Natural Step was founded in Sweden in 1989 by Dr. Karl-Henrik Robèrt, an oncologist who noticed a significant increase in childhood leukaemia cases and witnessed first hand the connection between human illness and toxins.

It is a non-certified global standard that is often categorised as environmental but in states it is focused on sustainable development and therefore has considerations towards social sustainability.

In Sweden, 60 corporations such as IKEA, Electrolux, McDonalds, Scandic Hotels and OK Petroleum are actively using the TNS framework to change the way they do business. Besides Sweden, TNS has offices in the United Kingdom, Canada, Japan, Australia, New Zealand, South Africa and the United States (see contact details below).

Stakeholder Specific/General

It has no specific stakeholder focus, but rather is a general substantive standard that applies to the following four system conditions described below.

Substantive

Four Systems Conditions for Sustainability:

1. Substances from the Earth's crust must not systematically increase in nature

In a sustainable society, human activities such as the burning of fossil fuels, and the mining of metals and minerals will not occur at a rate that causes them to systematically increase in the ecosphere. There are thresholds beyond which living organisms and ecosystems are adversely affected by increases in substances from the earth's crust. Problems may include an increase in greenhouse gases leading to global warming, contamination of surface and ground water, and metal toxicity which can cause functional disturbances in animals.

In practical terms, this means substituting certain minerals that are scarce in nature with others that are more abundant, using all mined materials efficiently, and systematically reducing dependence on fossil fuels.

2. Substances produced by society must not systematically increase in nature

In a sustainable society, humans will avoid generating systematic increases in persistent substances such as DDT, PCBs, and freon. Synthetic organic compounds such as DDT and PCBs can remain in the environment for many years, bioaccumulating in the tissue of organisms, causing profound deleterious effects on predators in the upper levels of the food chain. Freon, and other ozone depleting compounds, may increase risk of cancer due to added UV radiation in the troposphere.

This means systematically substituting certain persistent and unnatural compounds with ones that are normally abundant or break down more easily in nature, and using all substances produced by society efficiently.

3.3.1

3.3

3. The physical basis for the productivity and diversity of nature must not be systematically deteriorated

In a sustainable society, humans will avoid taking more from the biosphere than can be replenished by natural systems. In addition, people will avoid systematically encroaching upon nature by destroying the habitat of other species. Biodiversity, which includes the great variety of animals and plants found in nature, provides the foundation for ecosystem services which are necessary to sustain life on this planet. Society's health and prosperity depends on the enduring capacity of nature to renew itself and rebuild waste into resources.

This means drawing resources only from well-managed eco-systems, systematically pursuing the most productive and efficient use of both those resources and of land, and exercising caution in plenty of modification of nature.

4. Just and efficient use of energy and other resources

Meeting the fourth system condition is a way to avoid violating the first three system conditions for sustainability. Considering the human enterprise as a whole, we need to be efficient regarding resource use and waste generation to be sustainable. If one billion people lack adequate nutrition while another billion have more than they need, there is a lack of fairness about meeting basic human needs. Achieving greater fairness is essential for social stability and the co-operation needed for making large-scale changes within the framework laid out by the first three conditions.

To achieve this fourth condition, humanity must strive to improve technical and organisational efficiency around the world, and to live using fewer resources, especially in affluent areas. System condition four implies an improved means of addressing human population growth. If the total resource throughput of the global human population continues to increase, it will be increasingly difficult to meet basic human needs as human-driven processes intended to fulfil human needs and wants are systematically degrading the collective capacity of the Earth's ecosystems to meet these demands. This means using all of our resources efficiently, fairly and responsibly so that the needs of all people on whom we have an impact, and the future needs of people who are not yet born, stand the best chance of being met

Process

TNS advocates a step-by-step implementation strategy. Organisations are not expected to achieve long-term goals immediately. On the contrary, they are encouraged to move systematically by making investments that will provide benefit in the short-term, while retaining a longer-term perspective. They can use the Natural Step framework to map out a series of steps that will eventually lead to full sustainability. Organisations using the TNS framework are encouraged to start with the "low hanging fruit", those steps that are easiest to take and will achieve results that help move an organisation closer to its goals. The Natural Step is not prescriptive, and does not judge. Instead, it serves as a guide.

In the UK, TNS UK has a Pathfinder project that has been testing the practical application of TNS in a number of companies.

3.3.1

Issues and Comments, Strength and Weaknesses

In terms of social sustainability in a practical way, there seems little in the way of stakeholder dialogue to this approach. "The "social aspects" agenda is one to which we have now given more attention. The Natural Step is able to address such issues more effectively by keeping them linked to environmental concerns. In the end we believe the social dimension may prove to be the real driver of the search for sustainable solutions". (Pathfinder Programme, UK).

The reason that social issues have not yet been considered may have something to do with the 'scientific' non-negotiable basis upon which the Natural Step is founded. However, as the process section above highlights, TNS is not prescriptive and advocates an incremental approach to implementation.

The most obvious basis upon which there is a linkage between 'social sustainability' and TNS is the ability to change the mindset of those people in businesses and governments impeding progress towards sustainability.

Contact details

The Natural Step is an international organisation. Currently there are offices in Australia, Canada, Japan, Sweden, the United Kingdom, and the United States. In addition, groups are starting in South Africa and New Zealand. The Natural Step has formed an international entity, TNSI, to facilitate communication between TNS offices and review and co-ordinate activities. New countries wishing to start a Natural Step office need to apply to TNS for a license and to undergo a review process. For more information, contact Andre Heinz at www.thenaturalstep.org

In the UK, the home of TNS is Forum for the Future.

The Natural Step UK
9 Imperial Square
Cheltenham
Gloucestershire
GL50 1QB

Tel: 01242 262744

Fax: 01242 524445

Website: www.naturalstep.org.uk

e-mail: info@naturalstep.org.uk

3.4

Social Accountability 8000 (SA8000)

Produced by Social Accountability Institute (SAI - from Summer 2000) - previously the Council on Economic Priorities Accreditation Agency (CEPAA)

Scope and Goal

In response to the inconsistencies among workplace codes of conduct, SAI developed a standard for workplace conditions and a system for independently verifying factories' compliance. The standard, Social Accountability 8000 (SA8000), and its verification system draw from established business strategies for ensuring quality (such as those used by the international standards organisation for ISO 9000) and add several elements that international human rights experts have identified as essential to social auditing.

The standard is focused on the social elements of sustainability by covering the issues of employment and working conditions. In relation to the issues covered, the goal of the standard is to define requirements to enable a company to: a) develop, maintain and enforce policies and procedures in order to manage issues which it can control or influence; b) demonstrate to interested parties that policies, procedures and practices are in conformity with the standard.

Stakeholder Specific/General

The standard is concerned with Employees and Suppliers.

Substantive

The company shall comply with national and other applicable law, other requirements to which the company subscribes, and this standard. When national and other applicable law, other requirements to which the company subscribes, and this standard address the same issue, that provision which is most stringent applies.

The company shall also respect the principles of the following international instruments:

- Σ ILO Conventions 29 and 105 (Forced & Bonded Labour);
- Σ ILO Convention 87 (Freedom of Association);
- Σ ILO Convention 98 (Right to Collective Bargaining);
- Σ ILO Conventions 100 and 111 (Equal remuneration for male and female workers for work of equal value; Discrimination);
- Σ ILO Convention 135 (Workers' Representatives Convention);
- Σ ILO Convention 138 & Recommendation 146 (Minimum Age and Recommendation);

The specific social issues are:

- Σ Forced Labour: The Company shall not engage in or support the use of forced labour, nor shall personnel be required to lodge 'deposits' or identity papers upon beginning employment with company.
- Σ Child Labour: The Company shall not engage in or support use of child labour. Establish, document, maintain and effectively communicate policies and procedures for remediation of children found to be working and provide adequate support to...remain in school until no longer a child. Establish policies and procedures for promotion of education for children...including means to ensure that no such child is employed during school hours and that combined hours of daily transportation, school and work time does not exceed 10 hours a day. Shall not expose children or young workers to situations in or outside workplace that are hazardous, unsafe or unhealthy.
- Σ Freedom of Association: The Company shall respect right of all personnel to form and join trade unions of their choice and to bargain collectively. Where right to freedom of association and collective bargaining are restricted under law, facilitate parallel means of independent and free association and bargaining for all such personnel. Ensure reps of personnel are not subject of discrimination and that reps have access to their members in the workplace.
- Σ Collective Bargaining: The Company shall respect right of all personnel to form and join trade unions of their choice and to bargain collectively. Where right to freedom of association and collective bargaining are restricted under law, facilitate parallel means of independent and free association and bargaining for all such personnel. Ensure reps of personnel are not subject of discrimination and that reps have access to their members in the workplace.
- Σ Health and Safety (H&S): The Company provides a safe and healthy working environment and take adequate steps to prevent accidents and injury to health arising out of, associated with or occurring during work. Appoint senior management representative responsible for H&S of all personnel and accountable for H&S elements of standard. Ensure personnel receive regular and recorded H&S training, and that training is repeated for new and reassigned personnel. Establish systems to detect, avoid or respond to potential threats to H&S. Provide, for use by all personnel, clean bathrooms, access to potable water and sanitary facilities for food storage. Ensure that dormitory facilities are clean, safe, and meet basic needs of personnel.
- Σ Minimum Wage: The Company ensures that wages paid for a standards working week meet at least legal or industry minimum standards. Ensure that wage and benefits composition are detailed clearly and regularly; that wages and benefits are rendered in full compliance with applicable laws and rendered in a manner convenient to workers. Ensure that labour-only contracting arrangements and false apprenticeship schemes are not undertaken to avoid fulfilment of obligations to personnel under applicable laws.

- Σ Living Wage: The Company ensures that wages paid for a standards working week meet at least legal or industry minimum standards. Ensure that wage and benefits composition are detailed clearly and regularly; that wages and benefits are rendered in full compliance with applicable laws and rendered in a manner convenient to workers. Ensure that labour-only contracting arrangements and false apprenticeship schemes are not undertaken to avoid fulfilment of obligations to personnel under applicable laws.
- Σ Discrimination Practices: The Company shall not engage in or support discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership or political affiliation. Not interfere with exercise of rights of personnel to observe tents or practices, or to meet needs relating to race, etc. Not allow behaviour that is sexually coercive, threatening, abusive or exploitative.
- Σ Disciplinary Practices: The Company shall not engage in or support use of corporal punishment, mental or physical coercion, and verbal abuse. Company shall ensure that deductions from wages are not made for disciplinary purposes; it shall refrain from disciplining, dismissing or otherwise discriminating against any employee for providing information concerning observance of SA 8000.
- Σ Working Hours: The Company shall comply with applicable laws and industry standards on working hours; personnel shall not, on a regular basis, be required to work more than 48 hours per week and shall be provided with at least one day off for every seven day period. Ensure that overtime work does not exceed 12 hours per employee per week, is not demanded other than in exceptional...circumstances, and is paid at premium rate.
- Σ Training: The Company ensures that all personnel receive regular and recorded H&S training, and that such training is repeated for new and reassigned personnel.

Process

The standard is voluntary but organisations that sign up to SA8000 are audited for their performance against the stated criteria, which as stated above is linked to a number of international agreements. Although the standard is a substantive one, its strength seems to lie in its ability to translate such substantive standards into a management process for a company.

Management systems criteria

a. Policy

Top management shall define the company's policy for social accountability and labour conditions to ensure that it:

- a) includes a commitment to conform to all requirements of this standard;
- b) Includes a commitment to comply with national and other applicable law, other requirements to which the company subscribes and to respect the international instruments and their interpretation(as listed in Section II);
- c) Includes a commitment to continual improvement;
- d) Is effectively documented, implemented, maintained, communicated and is accessible in a comprehensible form to all personnel, including, directors, executives, management, supervisors, and staff, whether directly employed, contracted or otherwise representing the company;
- e) Is publicly available.

b. Management Review

Top management shall periodically review the adequacy, suitability, and continuing effectiveness of the company's policy, procedures and performance results vis a vis the requirements of this standard and other requirements to which the company subscribes. System amendments and improvements shall be implemented where appropriate.

c. Company Representatives

The company shall appoint a senior management representative who, irrespective of other responsibilities, shall ensure that the requirements of this standard are met;

The company shall provide for non-management personnel to choose a representative from their group to facilitate communication with senior management on matters related to this standard.

d. Planning and Implementation

The company shall ensure that the requirements of this standard are understood and implemented at all levels of the organisation; methods shall include, but are not limited to:

- a) clear definition of roles, responsibilities, and authority;
- b) training of new and/or temporary employees upon hiring;
- c) periodic training and awareness programs for existing employees;
- d) continuous monitoring of activities and results to demonstrate the effectiveness of systems implemented to meet the company's policy and the requirements of this standard;

e. Control of Suppliers

The company shall establish and maintain appropriate procedures to evaluate and select suppliers based on their ability to meet the requirements of this standard;

The company shall maintain appropriate records of suppliers' commitment to social accountability, including, but not limited to, the suppliers' written commitment to:

- a) conform to all requirements of this standard (including this clause);
- b) participate in the company's monitoring activities as requested;
- c) promptly remediate any non-conformance identified against the requirements of this standard;
- d) promptly and completely inform the company of any and all relevant business relationship(s) with other supplier(s) and subcontractor(s).

The company shall maintain reasonable evidence that the requirements of this standard are being met by suppliers and subcontractors.

f. Addressing Concerns and Taking Corrective Action

The company shall investigate, address, and respond to the concerns of employees and other interested parties with regard to conformance/non-conformance with the company's policy and/or the requirements of this standard; the company shall refrain from disciplining, dismissing or otherwise discriminating against any employee for providing information concerning observance of the standard.

The company shall implement remedial and corrective action and allocate adequate resources appropriate to the nature and severity of any non-conformance identified against the company's policy and/or the requirements of the standard.

g. Outside Communication

The company shall establish and maintain procedures to communicate regularly to all interested parties' data and other information regarding performance against the requirements of this document, including, but not limited to, the results of management reviews and monitoring activities.

h. Access for Verification

Where required by contract, the company shall provide reasonable information and access to interested parties seeking to verify conformance to the requirements of this standard; where further required by contract, similar information and access shall also be afforded by the company's suppliers and subcontractors through the incorporation of such a requirement in the company's purchasing contracts.

i. Records

The company shall maintain appropriate records to demonstrate conformance to the requirements of this standard.

j. Conclusion on Process

Top management define policy for social accountability and labour conditions, including: commitment to conform to SA 8000, to comply to law, other requirements to which company subscribes to an international instrument and to continuous improvement; Management Review - Top management periodically review adequacy, suitability and continuing effectiveness of company's policy procedures and performance results vis-à-vis requirements of SA 8000 & other requirements to which company subscribes. System amendments implemented where appropriate. Addressing Concerns - Company shall implement remedial action and allocate adequate resources appropriate to nature and severity of any non-conformance identified against company's policy and/or requirements of the standard.

Issues and Comments

As seen above, there are periodic reviews of a number of policies, management processes, as well as on the performance against the standard. In addition, appropriate personnel are assigned responsibility for the governance, management and implementation of the standard. The company appoints a senior management representative to ensure the requirements of SA8000 are met. For example, a senior manager for Health and Safety is appointed and is responsible for the implementation of the health and safety elements of the standard.

Also, company policy is effectively documented, implemented, maintained and communicated in an accessible and comprehensive form to all personnel. The company's performance is audited by an independent third party and is publicly available. The third party is an accredited auditor by SAI (auditors include SGS, BVQI). "Certification and Accreditation: The SA8000 system for verification is based on professional certification and accreditation processes, which increase objectivity and quality control.

Certification of compliance with SA8000 means that a facility has been examined according to SAI auditing procedures and found to be in conformance with the standard. Certification auditors look for objective evidence of effective management systems, procedures and performance that prove compliance with the standard. In addition, certified facilities are subject to semi-annual surveillance audits. Once certified, a producer is entitled to display the SA8000 certification mark and thereby use it as a selling point to customers and shareholders.

Accreditation must first be granted by SAI before a firm can perform SA8000 certification audits. Accreditation is a process similar to licensing, wherein SAI evaluates an applicant certification firm's capability to thoroughly audit a workplace for compliance with SA8000. This process includes an audit of a company's policies, procedures and documentation, a witness audit and periodic re-evaluations, or surveillance audits."

There has been some criticism of the standard, most notably from Labour Rights in China (LARIC), a coalition of Hong Kong NGOs. This is a very detailed critique and is focused on a number of elements of SA8000. For example, one quote is:

"Compared to other corporate codes of conduct, the corporate agenda behind SA8000 and the adverse effects it could bring to labour movements in the long run are much more detrimental." Another, "...SA8000 facilitates the penetration of transnational corporate power to undermine the sovereignty of weaker states." The criticisms focus on the extent to which the standard is too friendly to corporate interests of power and market domination. There are also concerns raised as to the legitimacy of SA8000 and how the various constituencies agree on its content and criteria. Criticism is also levelled at the legitimacy and quality of the audit firms and accreditation process. And yet the report goes on to say that, "the SA8000 standard and its verification system is more demanding than most other codes or auditing systems currently in use." Predictability CEPAA (as it was then) rejects these criticisms, and in a detailed, answers the claims made on the LARIC report.

Contact details

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3.5

Investors in People

Scope and Goal

Investors in People is a national quality standard which sets a level of good practice for improving an organisation's performance through its people.

Investors in People UK was established in 1993 to provide national ownership of the Investors in People National Standard and is responsible for its promotion, quality assurance and development. This role now encompasses establishing the Standard internationally.

Stakeholder Specific/General

Its specific focus is on the training and development of staff in line with management and organisational objectives.

Substantive

The matrix set out below describes the types of indicators and 'evidence' that demonstrates the mix of substantive and process bases for the standard. In specific terms, the standard is not substantive; for example, it does not state maximum or minimum performance standards against which an organisation is measured. It does however, rely on external assessors to judge and subsequently award (or not as the case may be) Investors in People.

Process

TABLE 2: TYPES OF INDICATORS AND 'EVIDENCE' THAT DEMONSTRATES THE MIX OF SUBSTANTIVE AND PROCESS BASES FOR THE STANDARD

Principles	Indicators	Evidence
<p>Commitment</p> <p>An Investor in People is fully committed to developing its people in order to achieve its aims and objectives</p>	<p>1 The organisation is committed to supporting the development of its people</p>	<p>Top management can describe strategies that they have put in place to support the development of people in order to improve the organisation's performance.</p> <p>Managers can describe specific actions that they have taken and are currently taking to support the development of people.</p> <p>People can confirm that the specific strategies and actions described by top management and managers take place.</p> <p>People believe the organisation is genuinely committed to supporting their development.</p>
	<p>2 People are encouraged to improve their own and other people's performance</p>	<p>People can give examples of how they have been encouraged to improve their own performance.</p> <p>People can give examples of how they have been encouraged to improve other people's performance.</p>
	<p>3 People believe their contribution to the organisation is recognised</p>	<p>People can describe how their contribution to the organisation is recognised.</p> <p>People believe that their contribution to the organisation is recognised.</p> <p>People receive appropriate and constructive feedback on a timely and regular basis.</p>
	<p>4 The organisation is committed to ensuring equality of opportunity in the development of its people</p>	<p>Top management can describe strategies that they have put in place to ensure equality of opportunity in the development of people.</p> <p>Managers can describe specific actions that they have taken and are currently taking to ensure equality of opportunity in the development of people.</p> <p>People confirm that the specific strategies and actions described by top management and managers take place and recognise the needs of different groups.</p> <p>People believe the organisation is genuinely committed to ensuring equality of opportunity in the development of people.</p>
<p>Planning</p> <p>An Investor in People is clear about its aims and its objectives and what its people need to do to achieve them</p>	<p>5 The organisation has a plan with clear aims and objectives which are understood by everyone</p>	<p>The organisation has a plan with clear aims and objectives</p> <p>People can consistently explain the aims and objectives of the organisation at a level appropriate to their role</p> <p>Representative groups are consulted about the organisation's aims and objectives</p>
	<p>6 The development of people is in line with the organisation's aims and objectives</p>	<p>The organisation has clear priorities which link the development of people to its aims and objectives at organisation, team and individual level.</p> <p>People clearly understand what their development activities should achieve, both for them and the organisation.</p>

Principles	Indicators	Evidence
	7 People understand how they contribute to achieving the organisation's aims and objectives	People can explain how they contribute to achieving the organisation's aims and objectives
<p>Action</p> <p>An Investor in People develops its people effectively in order to improve its performance</p>	8 Managers are effective in supporting the development of people	<p>The organisation makes sure that managers have the knowledge and skills they need to develop their people</p> <p>Managers at all levels understand what they need to do to support the development of people</p> <p>People understand what their manager should be doing to support their development</p> <p>Managers at all levels can give examples of actions that they have taken and are currently taking to support the development of people</p> <p>People can describe how their managers are effective in supporting their development</p>
	9 People learn and develop effectively	<p>People who are new to the organisation, and those new to a job, can confirm that they have received an effective induction</p> <p>The organisation can show that people learn and develop effectively</p> <p>People understand why they have undertaken development activities and what they are expected to do as a result</p> <p>People can give examples of what they have learnt (knowledge, skills and attitude) from development activities</p> <p>Development is linked to relevant external qualifications or standards (or both), where appropriate</p>
<p>Evaluation</p> <p>An Investor in People understands the impact of its investment in people on its performance</p>	10 The development of people improves the performance of the organisation, teams and individuals	The organisation can show that the development of people has improved the performance of the organisation, teams and individuals
	11 People understand the impact of the development of people on the performance of the organisation, teams and individuals	<p>Top management understands the overall costs and benefits of the development of people and its impact on performance</p> <p>People can explain the impact of their development on their performance, and the performance of their team and the organisation as a whole</p>
	12 The organisation gets better at developing its people	People can give examples of relevant and timely improvements that have been made to development activities

3.5

An organisation is assessed by external assessors. Questionnaires are completed by staff at two stages. One to create a baseline, then another after policies and practices have been put in place to judge the level of improvement. Once the standard is awarded, organisations are reassessed every three years.

Comments, Issues, Strengths and Weaknesses

Claims made about the benefits of the IiP include:

- Σ Improved earnings, productivity and profitability. Skilled and motivated people work harder and better. Productivity will improve. Extra effort will be made to close sales and a positive impact will be seen on the bottom line.
- Σ Reduced costs and wastage. Skilled and motivated people constantly examine their work to contribute to reducing costs and wastage.
- Σ Enhanced quality investing in people significantly improves the results of quality programmes. Investors in People adds considerable value to BS 5750, ISO 9000 and other total quality initiatives.
- Σ Improved motivation through greater involvement, personal development and recognition of achievement, motivation is improved. This leads to higher morale, improved retention rates, reduced absenteeism, readier acceptance of change and identification with the organisation beyond the confines of the job.
- Σ Customer satisfaction. Investing in People is central to helping employees become customer focused. Thus enabling the organisation to effectively meet customer needs at a profit.
- Σ Public recognition. Investor in People status brings public recognition for real achievements measured against a rigorous National Standard. Being an Investor in People helps to attract the best quality job applicants. It may also provide a reason for customers to choose specific goods and services.
- Σ Competitive advantage through improved performance, Investor in People organisations develop a competitive edge.

As with all the standards, the introduction of the standard needs to be introduced in an incremental way in order not to disrupt existing processes. Secondly, the emphasis on evidence can sometimes lead to excessive bureaucracy.

For social sustainability, the indicators are prescriptive and therefore do not allow for wider definition by staff themselves. However, it must be noted that this is not the remit of Investors in People, as it has a specific focus on training and development of staff. Nonetheless, if seen as being the only form of consultation involving staff, and their seeing no change in management practices as a result, the Investors in People standard may be counter-productive.

3.5.4

3.5

Contact Details

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3.6

Global Sullivan Principles

Scope and Goal

The Reverend Leon H. Sullivan developed the Principles whose objectives are to support economic, social and political justice by companies where they do business; to support human rights and to encourage equal opportunity at all levels of employment, including racial and gender diversity on decision making committees and boards; to train and advance disadvantaged workers for technical, supervisory and management opportunities; and to assist with greater tolerance and understanding among peoples; thereby, helping to improve the quality of life for communities, workers and children with dignity and equality.

Initially applied to South Africa during the 1970s the Principles are now global and were recently 'globalised' through the United Nations in 1999.

Stakeholder Specific/General

The Principles are general in that they cover a number of issues that then relate to different stakeholders; specifically employees and communities. It is a global, non-certified principle relevant to all private organisations.

3.6

Substantive

Those companies wishing to apply the Sullivan Principles must 'sign up' to the following statement:

a. The Principles

As a company which endorses the Global Sullivan Principles we will respect the law, and as a responsible member of society we will apply these Principles with integrity consistent with the legitimate role of business. We will develop and implement company policies, procedures, training and internal reporting structures to ensure commitment to these principles throughout our organisation. We believe the application of these Principles will achieve greater tolerance and better understanding among peoples, and advance the culture of peace.

Accordingly, we will:

- ∑ Express our support for universal human rights and, particularly, those of our employees, the communities within which we operate, and parties with whom we do business;
- ∑ Promote equal opportunity for our employees at all levels of the company with respect to issues such as colour, race, gender, age, ethnicity or religious beliefs, and operate without unacceptable worker treatment such as the exploitation of children, physical punishment, female abuse, involuntary servitude, or other forms of abuse;
- ∑ Respect our employees' voluntary freedom of association;
- ∑ Compensate our employees to enable them to meet at least their basic needs and provide the opportunity to improve their skill and capability in order to raise their social and economic opportunities;
- ∑ Provide a safe and healthy workplace; protect human health and the environment; and promote sustainable development;
- ∑ Promote fair competition including respect for intellectual and other property rights, and not offer, pay or accept bribes;
- ∑ Work with government and communities in which we do business to improve the quality of life in those communities -- their educational, cultural, economic and social well-being -- and seek to provide training and opportunities for workers from disadvantaged backgrounds;
- ∑ Promote the application of these principles by those with whom we do business.
- ∑ We will be transparent in our implementation of these principles and provide information, which demonstrates publicly our commitment to them.

3.6

Process

Companies that become signatories to the Principles agree to provide annual information on the performance of their companies in respecting them.

Comments, Issues, Strengths and Weaknesses

The Global Sullivan Principles fit with the more general level set of codes of conduct (e.g. OECD Guidelines for Multinational Enterprises, UN Global Compact). They make clear commitments that companies have to make, in particular about employees as a stakeholder. Although there is a level of reporting on performance there does not seem to be a set of concrete indicators that measure that performance about the Principles themselves.

Contact Details

There is a website for the Reverend Leon H. Sullivan www.reveonsullivan.com that has limited information about the Principles.

3.7

The Ethical Trading Initiative Base code

Scope and Goal

The ETI Base Code is a global standard on employment and working conditions, linked directly to ILO conventions and UN Declaration of Human Rights and Rights of the Child.

The Code is a partnership constituted of three types of members: companies, unions & NGOs (specific membership criteria exists). Members of the ETI are expected to sign up to the Code. Member companies may stipulate scope of application of code provided that scope is clearly indicated in the preamble of their code and that company publicity concerning code also indicates scope of application.

Stakeholder Specific/General

The standard is concerned with Employees and Suppliers.

Substantive

a. The ETI Base Code

The ETI Base Code has nine elements which are as follows:

1. EMPLOYMENT IS FREELY CHOSEN

1.1 There is no forced, bonded or involuntary prison labour.

1.2 Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.

2. FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING ARE RESPECTED

2.1 Workers, without distinction, have the right to join or form trade unions of their choosing and to bargain collectively.

2.2 The employer adopts an open attitude towards the activities of trade unions and their organisational activities.

2.3 Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace.

2.4 Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

3.7

3. WORKING CONDITIONS ARE SAFE AND HYGIENIC

- 3.1 A safe and hygienic working environment shall be provided, remembering the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring during work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.
- 3.2 Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.
- 3.3 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.
- 3.4 Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.
- 3.5 The company observing the code shall assign responsibility for health and safety to a senior management representative.

4. CHILD LABOUR SHALL NOT BE USED

- 4.1 There shall be no new recruitment of child labour.
- 4.2 Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child; "child" and "child labour" being defined in the appendices.
- 4.3 Children and young persons under 18 shall not be employed at night or in hazardous conditions.
- 4.4 These policies and procedures shall conform to the provisions of the relevant ILO standards.

5. LIVING WAGES ARE PAID

- 5.1 Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.
- 5.2 All workers shall be provided with written and understandable Information about their employment conditions regarding wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.
- 5.3 Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

3.7

6. WORKING HOURS ARE NOT EXCESSIVE

6.1 Working hours comply with national laws and benchmark industry standards, whichever affords greater protection.

6.2 In any event, workers shall not on a regular basis be required to work more than 48 hours per week and shall be provided with at least one day off for every 7 day period on average. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate.

7. NO DISCRIMINATION IS PRACTISED

7.1 There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

8. REGULAR EMPLOYMENT IS PROVIDED

8.1 To every extent possible work performed must be based on recognised employment relationship established through national law and practice.

8.2 Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

9. NO HARSH OR INHUMANE TREATMENT IS ALLOWED

9.1 Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

b. Conclusion on Substantive

The provisions of this code constitute minimum and not maximum standards, and this code should not be used to prevent companies from exceeding these standards. Companies applying this code are expected to comply with national and other applicable law and, where the provisions of law and this Base Code address the same subject, to apply that provision which affords the greater protection.

3.7

Process

The purpose of the ETI is to identify, develop and promote good practice for implementing codes of labour practice. Critical areas include monitoring and independent verification, and transparency and disclosure, to determine and communicate whether standards embodied in the code are being achieved. ETI members accept the following as general principles upon which to develop or refine their search for best practice.

1. Commitment

- 1.1 The company gives its membership of ETI, the code and its implementation process an informed and explicit endorsement.
- 1.2 This commitment is communicated throughout the company and to its suppliers and sub-contractors (including closely associated self-employed staff).
- 1.3 A member of senior management is assigned responsibility for the implementation of compliance with the code.
- 1.4 The code and the implementation process is integrated into the core business relationships and culture.
- 1.5 The company will ensure that human and financial resources are made available to enable it to meet its stated commitments.

2. Monitoring, independent verification, and reporting

- 2.1 Member companies accept the principle that the implementation of codes will be assessed through monitoring and independent verification; and that performance concerning monitoring practice and implementation of codes will be reported annually.
- 2.2 Companies will engage with other members in the design, implementation and analysis of pilot schemes to identify good practice in monitoring and independent verification and share this experience with other members.
- 2.3 Company members will draw on this experience in establishing where relevant with other ETI members' work plans to implement programmes of monitoring, independent verification, and reporting, and will report progress against these programmes to and through the ETI in a format and timing to be agreed.
- 2.4 Workers covered by the code shall be provided with a confidential means to report failure to observe the code and shall be otherwise protected in this respect.

3.7

3. Awareness raising and training

- 3.1 All relevant personnel are provided appropriate training and guidelines that will enable them to apply the code in their work.
- 3.2 Suppliers are made aware of the code, and the company's commitment to sourcing from suppliers who observe the standards in the code.
- 3.3 Workers whose work is covered by the code are, where possible, made aware of the code and implementation principles or procedures.

4. Corrective actions

- 4.1 Member companies commit themselves, on the basis of knowledge gained from monitoring to:
 - (a) negotiate and implement agreed schedules for corrective actions with suppliers failing to observe the terms of the code, i.e. a continuous improvement approach;
 - (b) require the immediate cessation of serious breaches of the code, and;
 - (c) where serious breaches of the code persist, to terminate any business relationship with the supplier concerned.

5. Management procedures, pricing and incentives

- 5.1 Negotiations with suppliers shall take into account the costs of observing the code.
- 5.2 Understanding and implementation of company policy concerning its code of labour practice shall constitute a positive performance measure when assessing appropriate personnel.

Issues and Comments, Strength and Weaknesses

The ETI Base Code is similar to SA8000 in that one of its key strengths is that it is clearly based upon widely agreed ILO and UN standards. It is also quite clear in its process of implementation. It is also a multi-constituency partnership that seems to give a greater credibility. It is however, still in its early stages of evolution and therefore is hard to judge further. It has all the characteristics of new initiatives for making it easy to implement (e.g. better development of materials) but is very much engaged in processes for development and improvement.

Contact details

The ETI website is at www.ethicaltrade.org

3.8

Balanced Scorecard

Scope and Goal

The Balanced Scorecard (BSC) is a performance measurement tool for translating strategic objectives into indicators in four perspectives: financial, customer, internal business processes, learning and growth. It talks of a specific cause and effect relationship in the measures that applied to a BSC process.

Since the idea was introduced by Professor Robert Kaplan and Dr. David Norton in 1992, BSCs have been implemented at corporate, strategic business unit, shared service functions, and cascaded to team and individual levels at hundreds of organisations in both the private and public sectors world-wide. The BSC has been the subject of three articles in the Harvard Business Review (HBR), more than 100 additional articles in business publications, a best-selling business book (now in 18 languages), numerous Harvard Business School case studies, and public conferences around the globe.

Stakeholder Specific/General

Its general focus is on business results and financial performance, and stakeholder specific issues relating to employees and customers.

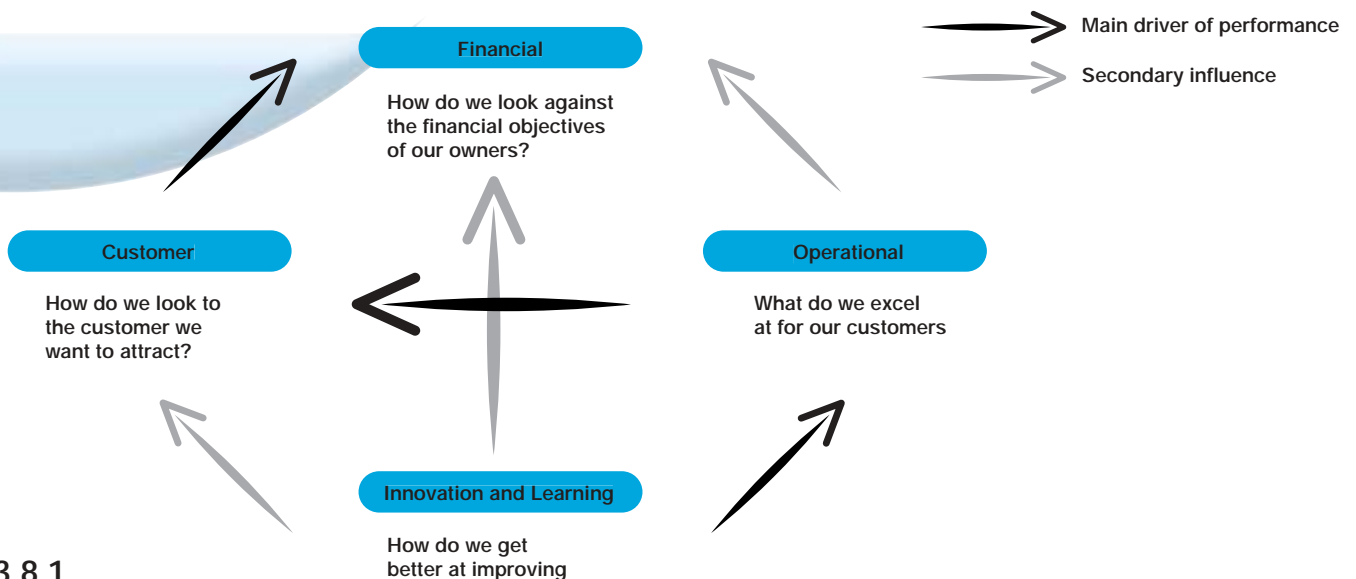
Substantive

The BSC does not include any substantive indicators. It does suggest non-specific indicators such as 'employee satisfaction,' but the actual choice of indicators forms part of an organisation's process of applying the BSC.

Process

The BSC uses a cause and effect relationship between the measures that are applied in a BSC process (e.g. increased training on products knowledge improves pre-sales support and matching with customer needs, which in turn leads to both higher revenue and fewer disappointed customers, driving increased profitability). The aim is to identify the drivers of improved performance: Innovation and learning; operational, customer and financial.

FIGURE 1: THE BALANCED SCORECARD PROCESS



3.8

Research carried out in 1997², claimed that:

“the Balanced Scorecard’s prescriptive approach to performance measurement requires performance measures defined in each of the three non-financial perspectives to be linked to each other through a cause-and-effect chain and to the financial measures, ensuring that the organisation’s ultimate goal: that of continuing to be successfully in existence, remains paramount”.

The extent to which business results can be improved by decisions taken based on a BSC view of the organisation is significant. Furthermore, these business results tend to be very sensitive to minor. Table 4 shows the four perspectives of the BSC while Table 5 demonstrates the effect process changes on profits.

TABLE 4: THE FOUR PERSPECTIVES OF THE CLASSIC BALANCED SCORECARD (OTHER INDICATORS MAY ALSO BE USED).

<p>Customer Perspective Customer Satisfaction % of customers satisfied with timeliness % of customers satisfied with quality</p> <p>Effective Service Partnership % of customers satisfied with the responsiveness, co-operation, and communication skills of the acquisition office</p>	<p>Internal Business Processes Perspective Acquisition Excellence: Effective Quality Control System Ratio of protests sustained by General Accounting Office and Court of Federal Claims</p> <p>Acquisition Excellence: Effective Use of Alternative Procurement Practices Number of actions using Electronic Commerce</p> <p>Fulfilling Public Policy Objectives % achievement of socio-economic goals % competitive procurement of total procurements</p>
<p>Learning and Growth Perspective</p> <p><i>Information Availability for Strategic Decision-making</i> The extent of reliable management information</p> <p><i>Quality Workforce</i> % of employees meeting mandatory qualification standards</p> <p><i>Employee Satisfaction: Quality Work Environment</i> % of employees satisfied with the work environment</p> <p><i>Employee Satisfaction: Executive Leadership</i> % of employees satisfied with the professionalism, culture, values and empowerment</p>	<p>Financial Perspective</p> <p><i>Minimising Administrative Costs</i> Cost to spend ratio</p> <p><i>Maximising Contract Cost Avoidance</i> Cost avoidance through use of purchase cards % of prompt payment interest paid of total \$ disbursed</p>

3.8.2

²www.inhase.com/bbs.htm

3.8

TABLE 4: IMPACT OF PROCESS CHANGES ON PROFITS

Balanced Scorecard Perspective	Potential Impact	Typical Profit Impact(*)
Customer	1% increase in prices	11.4%
	1% increase in business volume	3.5%
Internal Business	1% reduction in costs	7.9%
	1% reduction in wastage	7.9%
Innovation and Learning	1% reduction in payroll costs	1.9%
	1% improvement in efficiency	1.9%
TOTAL		34.5%

Comments, Issues, Strengths and Weaknesses

The strength of the BSC approach is its very prescriptive and structured nature making it relatively easy to apply in an organisation (this is illustrated by its 'cause and effect' emphasis). It involves stakeholders in the judgement of performance through customer and employee satisfaction surveys. It can apply to all organisations, as well as different levels within the organisations (e.g. one can do departmental and team scorecards).

However, this structured approach is in other ways its weakness. It does not include stakeholder definition of indicators of performance. Nor does it address how trade-offs are negotiated; e.g. if there is a dispute amongst management and staff about the definition of direct linkages between employee satisfaction and financial performance. Finally, it does seem to require a comprehensive information system to support it which can be off-putting to many organisations (particularly, small to medium enterprises).

Contact Details

The Balanced Scorecard Collaborative was set up by the authors of the BSC to offer advice on its implementation; advice on variants of the scorecard are offered by a large number of other consultancies.

3.9

The European Foundation Quality Model – Excellence Model

Scope and Goal

The EFQM Excellence Model was developed as a tool to develop a management system that enabled organisations to be successful.

Stakeholder Specific/General

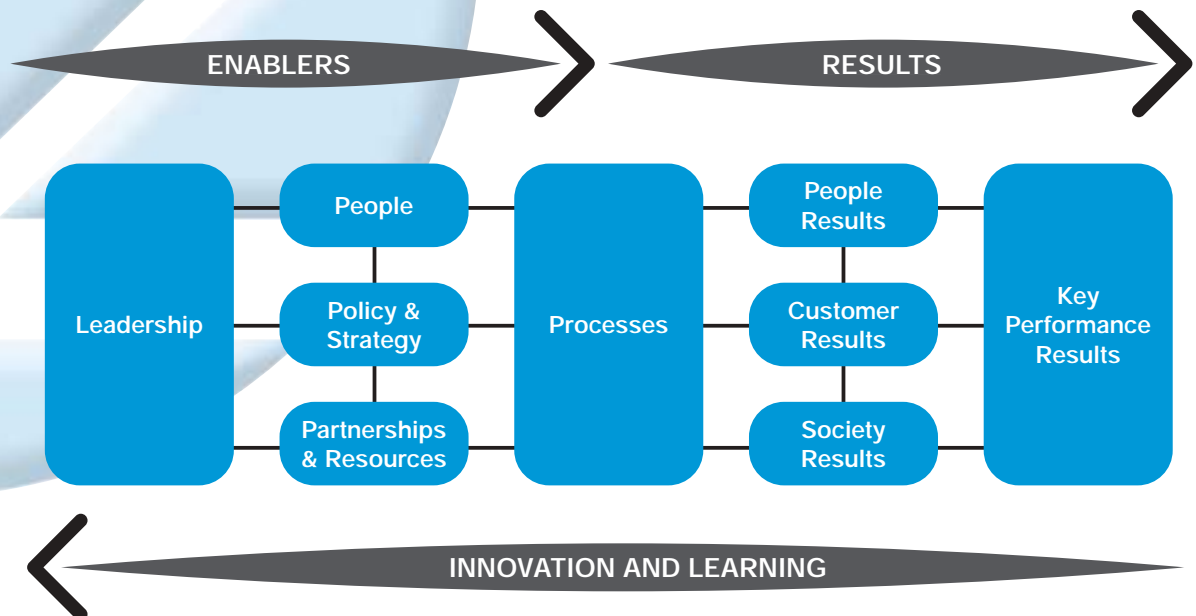
It is a general model for managing performance but does have within it a focus on employees, customers, and society as stakeholders. It refers to suppliers and these would be incorporated in 'partnerships and resources'.

Substantive

It is not a substantive standard

Process

FIGURE 2: THE EFQM MODEL



3.9

The Fundamental Concepts of Excellence

The EFQM Model is a non-prescriptive framework that recognises there are many approaches to achieving sustainable excellence. Within this non-prescriptive approach there are some basic ideas that underpin the EFQM Model. These are expressed below.

- Σ Results Orientation: Excellence is dependent upon balancing and satisfying the needs of all relevant stakeholders (this includes the people employed, customers, suppliers and society as well as those with financial interests in the organisation).
- Σ Customer Focus: The customer is the final arbiter of product and service quality and customer loyalty, retention and market share gain are best optimised through a clear focus on the needs of current and potential customers.
- Σ Leadership & Constancy of Purpose: The behaviour of an organisation's leaders creates a clarity and unity of purpose within the organisation and an environment in which the organisation and its people can excel.
- Σ Management by Processes & Facts: Organisations perform more effectively when all inter-related activities are understood and systematically managed and decisions concerning current operations and planned improvements are made using reliable information that includes stakeholder perceptions.
- Σ People's Development & Involvement: The full potential of an organisation's people is best released through shared values and a culture of trust and empowerment, which encourages the involvement of everyone.
- Σ Continuous Learning, Innovation & Improvement: Organisational performance is maximised when it is based on the management and sharing of knowledge within a culture of continuous learning, innovation and improvement.
- Σ Partnership Development: An organisation works more effectively when it has beneficial relationships, built on trust, sharing of knowledge and integration, with its Partners.
- Σ Public Responsibility: The long-term interest of the organisation and its people are best served by adopting an ethical approach and exceeding the expectations and regulations of the community at large.

3.9

The Nine Criteria

The process weights each of the nine areas of the management that add up to a score of 'Excellence'.

1. Leadership

(i) Definition

How leaders develop and facilitate the achievement of the mission and vision, develop values required for long-term success and implement these by appropriate actions and behaviours, and are personally involved in ensuring that the organisation's management system is developed and implemented.

(ii) Sub-criteria

Leadership covers the following four sub-criteria that should be addressed.

1a Leaders develop the mission, vision and values and are role models of a culture of Excellence.

1b Leaders are personally involved in ensuring the organisation's management system is developed, implemented and continuously improved.

1c Leaders are involved with customers, partners and representatives of society.

1d Leaders motivate, support and recognise the organisation's people.

2. Policy and Strategy

(i) Definition

How the organisation implements its mission and vision by way of a clear stakeholder focused strategy, supported by relevant policies, plans, objectives, targets and processes.

(ii) Sub-criteria

Policy and Strategy cover the following five sub-criteria that should be addressed.

2a. Policy and Strategy are based on the present and future needs and expectations of stakeholders.

2b Policy and Strategy are based on information from performance measurement, research, learning and creativity related activities.

2c Policy and Strategy are developed, reviewed and updated.

2d Policy and Strategy are deployed through a framework of key processes.

2e Policy and Strategy are communicated and implemented.

3.9

3. People

(i). Definition

How the organisation manages, develops and releases the knowledge and full potential of its people at an individual, team-based and organisation-wide level, and plans these activities to support its policy and strategy and the effective operation of its processes.

(ii) Sub-criteria

People cover the following five sub-criteria that should be addressed.

3a People resources are planned, managed and improved.

3b People's knowledge and competencies are identified, developed and sustained.

3c People are involved and empowered.

3d People and the organisation have a dialogue.

3e People are rewarded, recognised and cared for.

4. Partnerships and Resources

(i). Definition

How the organisation plans and manages its external partnerships and internal resources to support its policy and strategy and the effective operation of its processes.

(ii). Sub—criteria

Partnerships and Resources cover the following five sub-criteria that should be addressed.

4a External partnerships are managed.

4b Finances are managed .

4c Buildings, equipment and materials are managed.

4d Technology is managed.

4e Information and knowledge are managed.

5. Processes

(i) Definition

How the organisation designs, manages and improves its processes to support its policy and strategy and fully satisfy, and generate increasing value for, its customers and other stakeholders.

(ii) Sub-criteria

Processes cover the following five sub-criteria that should be addressed.

5a Processes are systematically designed and managed.

5b Processes are improved, as needed, using innovation to fully satisfy and generate increasing value for customers and other stakeholders.

5c Products and Services are designed and developed based on customer needs and expectations.

5d Products and Services are produced, delivered and serviced.

5e Customer relationships are managed and enhanced.

6. Customer Results

(i) Definition

What the organisation is achieving with its external customers.

(ii) Sub-criteria

Customer Results cover the following two sub- criteria that should be addressed.

6a Perception Measures.

6b Performance Indicators.

7. People Results

(i). Definition

What the organisation is achieving with its people.

(ii). Sub-criteria

People Results cover the following two sub- criteria that should be addressed.

7a Perception Measures.

7b Performance Indicators.

3.9

8. Society Results

(i). Definition

What the organisation is achieving with local, national and international society as appropriate.

(ii). Sub-criteria

Society Results cover the following two sub- criteria that should be addressed.

8a Perception Measures.

8b Performance Indicators.

9. Key Performance Results

(i). Definition

What the organisation is achieving with its planned performance.

(ii). Sub-criteria

Key Performance Results cover the following two sub-criteria that should be addressed. Depending on the purpose and objectives of the organisation some of the measures contained in the guidance for Key Performance Outcomes may be applicable to Key Performance Indicators and vice versa.

The two sub-criteria are:

9a Key Performance Outcomes.

9b Key Performance Indicators.

3.9

The Logic Of RADAR

At the heart of the model lies the logic known as RADAR.

RADAR consists of four elements:

1. Results,
2. Approach,
3. Deployment,
4. Assessment and Review

This logic states that an organisation needs to:

- ∑ Determine the Results it is aiming for as part of its policy and strategy making process. These results cover the performance of the organisation, both financially and operationally, and the perceptions of its stakeholders.
- ∑ Plan and develop an integrated set of sound Approaches to deliver the required results both now and in the future.
- ∑ Deploy the approaches in a systematic way to ensure full implementation.
- ∑ Assess and Review the approaches followed based on monitoring and analysis of the results achieved and ongoing learning activities. Considering this review, the organisation must identify, prioritise, plan and implement improvements where needed.

When using the model within an organisation, for example for the purposes of Self-Assessment, the Approach, Deployment, Assessment and Review elements of the RADAR logic should be addressed for each Enabler sub-criterion, and the Results element should be addressed for each Results sub-criterion

Comments, Issues, Strengths and Weaknesses

The EFQM Excellence Model is a widely recognised process standard for the development of a management system that links process to results. Its key strength hinges on this. However, a potential weakness lies within its prescriptive approach; e.g. there is no definition of indicators concerning stakeholders. Also, one could argue that the stakeholders are a small group and do not incorporate wider groups such as shareholders, government bodies.

However, the EFQM is very open to the development and adaptation of the Model that has gone through a number of iterations. It now incorporates such language as values and empowerment.

Contact Details

The European Foundation for Quality Management (www.efqm.org)

3.10

The Global Reporting Initiative

Scope and Goal

"The Global Reporting Initiative (GRI) is a long-term multi-stakeholder, international undertaking whose mission is to develop and disseminate globally applicable sustainability reporting guidelines for voluntary use by organisations reporting on the economic, environmental, and social dimensions of their activities, products and services."

The GRI originated out of the Coalition for Environmentally Responsible Economies (CERES) in partnership with the United Nations Environment Programme)

Stakeholder Specific/General

The GRI covers all the main stakeholder groups as well as addressing issues of general organisational performance such as human rights.

Substantive

The GRI indicators are process based insofar as they do not indicate necessary levels of performance. They do specify particular indicators for reporting and thus may implicitly direct an organisation to address issues that it may not otherwise have addressed through the assessment of its performance.

Process

The guidelines cover the three main areas of reporting:

- Σ Economic; this includes for example, wages and benefits, labour productivity, job creation, expenditures on outsourcing, expenditures on research and development, and investments in training and other forms of human capital. The economic element includes, but is not limited to, financial information.
- Σ Environmental; this includes for example, impacts of processes, products and services on air, water, land, biodiversity, and human health.
- Σ Social; this includes for example, workplace health and safety, employee retention, labour rights, human rights, and wages and working conditions at outsourced operations.

It is envisaged that in time the GRI will move towards a more integrated framework that links the above three areas. To begin this they have a set of 'integrated indicators' that are of two types, (i) Systemic; that links performance at the micro-level (i.e. the organisation) with that of the macro-level (e.g. regional, national, global). (ii) Cross-cutting; that bridges information across two or more elements of sustainability.

3.10

Besides the reporting principles and practices that cover the above areas of indicators, the GRI gives guidelines for the structure and contents of reports. These cover the following:

- Σ CEO's Statement.
- Σ Profile of Reporting Organisation.
- Σ Executive Summary and Key Indicators.
- Σ Vision and Strategy.
- Σ Policies, Organisation and Management Systems.
- Σ Performance.

Comments, Issues, Strengths and Weaknesses

The GRI is one of the few standards that attempts to pull together different indicators as they may relate to other standards but also works towards integration between economic, environmental and social performance criteria. This must be seen as its main strength; few other standards are as comprehensive in their coverage, or as inclusive in the participation of various stakeholders. If there is a weakness it may be in the focus on reporting that may steer organisations away from the real issue, that of performance.

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3.11

Accountability 1000 (AA1000)

Scope and Goal

AA1000 is an accountability standard, focused on securing the quality of social and ethical accounting, auditing and reporting. It is a foundation standard, and as such can be used in two ways: a) as a common currency to underpin the quality of specialised accountability standards, existing and emergent; b) as a stand alone system and process for managing and communicating social and ethical accountability performance.

Stakeholder Specific/General

AA1000 covers all the main stakeholders of an organisation as well as looking at processes for assessing overall performance.

The standard can used in a variety of ways: as a measurement tool; for quality management; recruitment and retention of employees; external stakeholder engagement; partnership with other organisations; risk management tool; for investors; governance; and training.

Substantive

It is only substantive in that its fundamental principle is that of stakeholder engagement, that while not necessarily allowing for 'good' performance, does open up an organisation to the potential for more inclusive governance processes.

Process

TABLE 5: KEY STAGES OF THE MODEL

Planning	<ul style="list-style-type: none"> Establish commitment and governance procedures Identify stakeholders of the organisation Define and review objectives, policies and values
Accounting	<ul style="list-style-type: none"> Identify issues upon which performance is assessed Determine scope of process Identify indicators of performance Collect Information Analyse information, set targets and develop improvement plan
Auditing and Reporting	<ul style="list-style-type: none"> Prepare Reports Audit Report Communicate Results and obtain feedback
Embedding	<ul style="list-style-type: none"> Establish and embed systems for continuous improvement

3.11

Comments, Issues, Strengths and Weaknesses

AA1000 is one of the few standards that explicitly puts stakeholder engagement at its heart of operations, which is key to our definition of social sustainability. Its strength is that it is non-prescriptive but as it is still at its early stages of development is not as fully proven a process model as others. Having said that, it is also working towards its integration with other standards and outlines in its exposure draft, the relationship of AA1000 with that of GRI, SA8000, ISO 14001, Investors in People, Forest Stewardship Council, ETI, BSC, and the Business Excellence Model, amongst others.

Contact Details

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3.12

The Combined Code of Corporate Governance

Scope and Goal

The combined code embraces the work of the Cadbury, Greenbury and Hampel Committees. It has more recently been complemented by the Turnbull report on internal audit procedures. It is a condition of listing for companies on the UK stock exchange.

Stakeholder Specific/General

The Combined Code focuses on the governance of the organisation at its highest level. It therefore focuses on those who govern the organisation (The Board, Management) and how they govern it. The stakeholders covered therefore are, Board, Shareholders, and Staff.

Substantive & Process

The Code is both substantive and process based in that it is prescriptive in how an organisation should be governed and sets out procedures for doing so. For the purposes of this analysis therefore it is more relevant to merge the two as that is broadly how the code treats them.

1. General Principles

1a The Board of Directors

These principles effectively explain the broad nature upon which the company should be governed. They therefore cover such measures as, "There are two key tasks at the top of every public company — the running of the board and the executive responsibility for the running of the company's business. There should be a clear division of responsibilities at the head of the company which will ensure a balance of power and authority, such that no one individual has unfettered powers of decision." In addition the Board should include a balance on executive and non-executive directors and there should be a clear and transparent procedure for selection of Board members.

1b Directors' Remuneration

Levels of payment should be sufficient to attract and retain the directors needed to run the company successfully, but companies should avoid paying more than is necessary for this purpose. Companies should establish a formal and transparent procedure for developing policy on executive payment and for fixing the payment packages of individual directors. No director should be involved in deciding his or her payment. The company's annual report should contain a statement of remuneration policy and details of the payment of each director.

1c Relations with Shareholders

Companies should be ready, where practicable, to enter into a dialogue with institutional shareholders based on the mutual understanding of objectives. Boards should also use the AGM to communicate with private investors and encourage their participation.

3.12

1d Accountability and Audit

The board should present a balanced and understandable assessment of the company's position and prospects. The board should maintain a sound system of internal control to safeguard shareholders' investment and the company's assets.

The board should establish formal and transparent arrangements for considering how they should apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the company's auditors.

1e Institutional Investors

Institutional shareholders have a responsibility to make considered use of their votes. Institutional shareholders should be ready, where practicable, to enter into a dialogue with companies based on the mutual understanding of objectives.

When evaluating companies' governance arrangements, particularly those relating to board structure and composition, institutional investors should give due weight to all relevant factors drawn to their attention.

The code then goes on to give more detailed principles to the above areas of corporate governance.

Comments, Issues, Strengths and Weaknesses

For social standards the Combined Code on Corporate Governance is a key standard in the UK in that it is a condition of listing for UK companies. It is also the only code that really focuses in on the 'accepted' market model of governance. Finally, it attempts to promote transparency in decision-making processes and the governance of the company.

However, it takes a limited perspective on the inclusion of stakeholders in the governance of the company beyond that of the shareholders' AGM.

Much depends on the outcome of the UK Company Law Review and whether it advocates companies reporting on their social and environmental performance. If so, then there may be a cascaded effect on the Combined Code.

Contact Details

Information for this standard was taken from the following website:

www.lawgram.com/corpgov.html

3.13

ISO 9001

Scope and Goal

The International Organisation for Standardisation (ISO) is a world-wide federation of national standards bodies from 130 countries. ISO administers over 11,000 standards covering 97 categories (one of which covers management).

This analysis focuses only on ISO 9001.

Stakeholder Specific/General

The ISO standards mainly focus on customers, staff and suppliers in the delivery of 'quality' system in the delivery of service and product.

Substantive

The ISO 9001 standard is process based and provides no substantive standard of performance (e.g. in the quality of a product) beyond what is required by legislation. Rather they focus on the systems themselves to assist companies to meet legislative requirements of performance.

Process

There is a multiplicity of processes to the range of ISO standards, an example is as follows:

There are 20 elements in ISO 9001, containing over 320 individual requirements, which specify that a company should:

- Σ establish customer needs and expectations;
- Σ undertake a commitment to meet customer needs and expectations;
- Σ define policies for achieving these requirements;
- Σ design a system which will ensure these requirements are met;
- Σ implement this system;
- Σ audit and review the system to ensure its suitability and effectiveness;
- Σ undertake improvements-

3.13

Comments, Issues, Strengths and Weaknesses

The Institute of Quality Assurance sees the following benefits for organisations which comply with the requirements of ISO 9001:

- Σ achievement of better business results;
- Σ the right capabilities and resources are in place to meet customer needs and expectations;
- Σ there is no commitment to work beyond capability;
- Σ processes are designed to cause conformity and prevent nonconformity;
- Σ processes are implemented as designed;
- Σ deviations from requirements are promptly detected;
- Σ problems are promptly resolved and prevented from recurring;
- Σ non-conforming products or services are not supplied;
- Σ continual improvement in performance becomes a routine;
- Σ evidence of performance is available and used to make decisions;
- Σ customer needs and expectations are continually satisfied.

However, recent criticism of ISO 9001 in particular claims that it is too bureaucratic in nature, "Underlying it (ISO 9001) are concepts of specification and control, rather than those of understanding and improvement, which are the heart of real quality. Customers will recognise that ISO 9001 has led our organisations to focus on procedures rather than service; managers point to the excessive bureaucracy and work those whose only purpose is to satisfy the ISO 9000 assessor ." Seddon believes this to be also true of the new ISO 9001:2000, which does incorporate stakeholders more in the performance assessment.

Whether the latter criticism is true or not, this does raise the issue for process standards and their ability to improve substantive performance.

Contact Details

Institute of Quality Assurance: www.iqa.co.uk

The ISO site is at: www.iso.org

3.14

The London Benchmarking Group

Scope and Goal

Formed in September 1994, the London Benchmarking Group originally comprised senior community affairs managers with responsibility for substantial community involvement programmes from six leading companies:

- Σ BP
- Σ Grand Metropolitan (now Diageo)
- Σ IBM UK
- Σ Marks & Spencer
- Σ NatWest Group
- Σ Whitbread

All the companies in the Group are headquartered in London, but it is named the London Benchmarking Group, primarily to differentiate itself from a group of 16 US companies that came together at the same time to pursue very similar goals. The US group is called the Measuring Corporate Citizenship Project. The LBG is based at the Corporate Citizenship Company.

The original group was formed to meet the need for accurate and comparable information about how different companies define, fund and manage their community involvement activities. Its mission statement is:

"to better define measures of efficiency and effectiveness of all types of community involvement activity by using benchmarking techniques."

Stakeholder Specific/General

The LBG focuses on measuring the effectiveness of a company's community involvement work. In so doing its stakeholder focus is communities, staff of the company, suppliers and customers.

Its main focus is as a process standard but in doing so it directs organisations towards specific ways in which they should go about their community involvement (see below).

3.14

Substantive

The Model, usually depicted in a pyramid, covers the following areas:

- Σ Charity: Intermittent support to a wide range of causes in response to the needs and appeal of charitable and community organisations, increasingly through partnerships between the company, its employees, customers and suppliers.
- Σ Community Investment: Long-term strategic involvement in community partnerships to address a limited range of social issues chosen by the company to protect its long-term corporate interests and enhance its reputation.
- Σ Commercial Initiatives: Activities in the community usually by commercial departments, to support directly the success of the company, promoting its corporate brand identities and other policies, in partnership with charities and other community-based organisations.
- Σ Business Basics: The core business activities in meeting society's needs for cost-effective goods and services in a manner which is socially, ethically, environmentally responsible.

In summary, the LBG model classifies corporate community involvement by motivation between charitable gifts, community investment and commercial initiatives, as set out in the chart below. These contributions are additional to the wider social impact through basic business operations. The model provides the definitions necessary to put a monetary value on the input' costs of the company's contribution, whether cash, time or in-kind. It also assesses the output' between social impact, business benefit and additional resources levered from other funders.

Process

The LBG model tries to differentiate inputs and outputs of CI on the type of activity in question. The weakness however to this approach is a lack of clearly defined outcomes. Table 6 shows an example from London Benchmarking Model shows the business benefits to British Telecom of its CI.

3.14

TABLE 6: AN EXAMPLE OF THE APPLICATION OF THE LBG MODEL

Activity	Input	Business Benefit
Charity – donations	National Council for One Parent Families – provision of booklets	Booklets acknowledged BT
Charity – Sponsorship	BT Swimathon	Exposure in media, shops, 523 swimming pools. Won various industry awards.
Charity – Matched Giving	Give As You Earn	Enhanced Employee Morale
Community Investment – Grants/Donations	INFOTRAIN – Strabane	Media coverage and government interest leading to enhanced reputation.
Community Investment – Secondments and Consultancy	12 Full-time secondees in various community organisations	Enhanced reputation and employee development
Community Investment – In-kind contributions	Newsletters and office services for Race for Opportunity (RFO)	BT seen to be actively involved in promoting racial equality.
Commercial Initiatives – In-house training	2,500 places for work experience for school pupils.	Employee morale and enhanced reputation.
Commercial Initiatives – Sponsorship	Yellow Pages Slough Focus on Business Exhibition	Raised profile in local business community
Commercial Initiatives – Cause-related marketing	Friends & Family Variety Club promotion. £1 given for every new customer	Enhanced brand image plus 8% increase in sales.
Commercial Initiatives – Contributions	Trial videophone link via ISDN to service 20 house-bound people with disabilities	Promotion of technology. Enhanced BT's reputation for work in the community.

3.14

Comments, Issues, Strengths and Weaknesses

In the UK at least, the LBG seems to be widely recognised as an important standard for the measurement and focus of a company's community involvement activities. It is very detailed and quite precise in the indicators that it uses.

The weakness seems to be in that it can maintain the 'ghettoisation' of community involvement activities by separating out from the core activities of the company. This is not to say that it is not trying to address this issue, hence its incorporation of business basics and the measurement of economic and other returns for the company (e.g. enhanced reputation).

It also allows for the detailed reporting of performance to stakeholders of the company's community involvement work, which allows for their greater involvement in decision-making processes. However, the latter is not integral to the model.

Finally, there are a number of other models that measure community involvement and companies such as BT are doing them all together (these include Bruce Naughton Wade's Corporate Community Index, and BitC's adaptation of the Business Excellence Model).

Contact Details

The Corporate Citizenship Company,
www.corporate-citizenship.co.uk

4.0

Phase 2 SIGMA Interviews for Social Sustainability Stream



4.1

David Aeron-Thomas, UK Head of Social Audit and Reporting at KPMG

Views on the Draft Working Paper

The project needs to make it clear the fact that the reason UN and ILO standards are not covered independently is that they are embodied in other standards.

There are other areas that the project may want to look at: BitC Winning with Integrity; goodcorporation.com (relates to SMEs which is an important issue SIGMA should take into account when looking at the applicability of standards), and BSR report that looks at range of standards (good Asian example).

The substantive/Process distinction is useful for developing an understanding of standards.

The definition is problematic:

1. It did not actually define what constitutes a socially sustainable society (i.e. it did not address the substantive) and it needs to at least address the issue even if the answer is that one cannot set in stone what makes for social sustainability.
2. Conceptual issues do not seem to have been agreed (this relates to SIGMA more generally).
3. Accountability does not seem to fit as it applies to all areas.
4. A time element needs to be brought into it; i.e. the social is an iterative process of redefinition as society develops.

The project needs to look at boundaries of responsibilities; i.e. the rules base element within the SIGMA guidelines. There is a key balance between expanding the boundaries without alienating companies. Either way, entities need to be much more aware of their impact on stakeholders and take account of them. Therefore the process can be a way into defining the substantive.

The paper could help in three ways:

1. Showing companies how they can become aware of the social consequences of their impacts;
2. Showing them the rules and codes of what is acceptable;
3. Helping business to manage these impacts.

4.1

Standards Used

Investors in People is used in certain areas throughout the UK; use is also made of the London Benchmarking Group; Combined Code, while the organisation is starting to look at AA1000.

Reasons for this: The company wants to do, and be seen to do, a good job. As a company that deals with people and one that audits companies, we need to be seen to be engaging in best practice.

Gaps

There is not something that handily brings it all together in one system, hence David's role.

Proliferation: One of the reasons for proliferation must be because people are looking for different things (IIP, GRI). There are also many different standards within sectors, e.g. accounting. Address proliferation by being realistic and pragmatic about what one can do.

Have standards and other approaches made the company more effective? Cause and effect very difficult to determine. This strategy, however, shows the need to demonstrate the business case for standards, which is not shown as yet.

Future Plans

To get AA1000 up and running and then following the roll out of SIGMA to pull in more of the substantive elements of performance into measurement processes.

Issues for SIGMA

A single overarching catch-all standard seems very impractical, in particular as issues (esp. social) are changing so quickly. The 'pick 'n mix' approach seems more practical and SIGMA should be giving guidance as to what standards organisations should be looking at and how they should use them. So, integration should come in the analysis and guidelines, not necessarily in a single system.

One way in which this could be done is to look at the issues as they relate to stakeholders and to detail commonly accepted norms and systems to measure performance.

Another way is to agree the main points of SIGMA: have a common language; critical mass of practice; comparability (so from an external perspective a company's behaviour can be judged against something); do not reinvent the wheel; have guidelines for reporting and verification.

Future research and focus. Use of something that builds on the AA1000 wheel and integrates sustainability issues (as well as giving direction as to where to go). Then to balance the legitimate with the practical.

4.2

David Shirley, Environmental Director of Sustainability Advisory Services, KPMG

Views on the Draft Working Paper

View on standards definition: A standard is a top level document. Then there are then best practice documents and guidelines that support the implementation of that standard, and then finally there are benchmarks of performance against agreed external measures.

Substantive/Process distinction: would use the terms performance and process. Also, he does not believe there is anything special about the social element in terms of the 'fractal' properties, the same can be applied to the environmental.

Definition of social sustainability: he would agree that there is no accepted definition and cannot separate out sustainability; he also feels that sustainability is about the balance between people and planet and economics is the articulation of that relationship.

There are then no conditions for social sustainability; just continuous improvement through the expression of perceptions of stakeholders.

His view then is that true sustainability occurs when there is equilibrium through dialogue and negotiation.

Stakeholder dialogue. Beyond practical issues, there is a need to include stakeholders in the accounting in order to legitimise process as well as performance.

Standards Used

Already covered in previous interview with David Aeron-Smith.

4.2

Issues for SIGMA

AA1000 confuses process with substantive. Then it becomes too prescriptive.

His view is that SIGMA cannot be just about the process element; otherwise we will not get to performance and improvement.

It is also not clear however how far substantive performance should be defined by SIGMA – it could define best practice that leads to improved performance.

He does not believe that a full management system for engagement with stakeholders is a very major undertaking (as suggested in the draft working paper), however it is a major undertaking when the full system is about stakeholder engagement concerning (substantive) performance.

With the plethora of standards, it would be useful to develop a pyramid that has the top-level areas of performance across the board (financial, H&S), then the guidelines of best practice for performance measurement (e.g. EMAS, IIP, etc.).

He does not see the point of separate management systems - only one is needed.

He is also a bit worried that SIGMA is getting too big and not sufficiently focused; his view is that it needs more careful management.

4.3

Paul Monaghan, Ecology Unit of the Co-operative Bank

Views on the Draft Working Paper

He likes the fact that definition focuses on stakeholder dialogue and accountability. However, his view is that accountability as defined in SIGMA is too narrow and should include transparency of performance measurement; for example, Shell report does not have verification of social data – it should!

The second part of definition can be confusing as it incorporates all three elements of social, economic and environmental and therefore does not define social clearly.

Also, equitable is not defined.

There are practical problems with stakeholder dialogue; e.g. North West Regional Planning send out so many consultation documents that local Friends of the Earth are unable to resource feedback. The problem is one of fatigue – there are too many processes.

Standards Used

The company uses Investors in People, The Natural Step, London Benchmarking Group, and AA1000,

TQM is very big in The Bank and works throughout the organisation; it has driven a culture of measurement, which has made the introduction of new systems easier.

The bank also uses 'opinion formers' or leaders in the field such as Jonathan Porritt to comment on performance so as to add legitimacy and credibility to results and actions.

The drivers for the standards was an ethical stance, because this the bank's point of differentiation in the market; leadership, want to be the first organisation to do things, be this ethics or financial products (the bank was first to introduce free current account and gold cards); and quality of service.

GRI is robust on environmental indicators less so on social. However, it is hard to see how it can apply to social elements though, as it is so specific to companies and sectors that generic social indicators are hard to come by.

Individuals and leaders are unquestionably important in the drive for standards in organisations. To become embedded, the standards need to be seen as part of market strategy and not just because a leader has an ethical drive. In the bank, following Terry Thomas, the new CEO has toughened up the ethics through focusing it more on market strategy, thereby embedding the process more in the organisation.

4.3

Gaps

1. TNS needs sub-conditions to its four main ones. For example, needs to distinguish between different waste rates of chemicals. TNS is wrong to try to produce social conditions for sustainability, as this cannot be possible in same way as environment where conditions are non-negotiable. It is difficult to get a consensus on social issues, so the bank addresses this through changes to Ethical Policy every two years with customer voting on priorities.
2. There is not a standard on verification processes, nor should there be one. Some of the present practice is very weak. Also, verifiers should comment on performance not just on data and systems. AA1000 only gives guidelines – his view is that it should go further.

Future plans

Next year, the bank will address the various standards in its 4th Partnership report as well as look at such things at DTI reporting recommendations on CO2 emissions. The bank will also look at social exclusion as there is a driver from government for banks to address this issue, so considering the disclosure of information on current accounts in deprived wards.

Issues for SIGMA

The Economic area is the most highly defined and yet there seems to be a weakness in SIGMA team regarding economic expertise. It needs a pure right wing economist or to get someone from CBI or IoD but not from the environmental area.

The project needs to get over the myth that putting sustainability standards into place is a painful process. The bank employs three people for three months to do the Partnership

Reporting: there are hidden management costs but not to the extent of making things difficult to implement. SIGMA should say how easy it is, not the opposite.

Too much focus in SIGMA guidelines on innovation as tool for improvement. There are lots of others, which are more business-relevant such as Just in Time and TQM.

SIGMA will not be going for a 'single' formal standard so the key is the rules base. This is crucial and must be championed – it is the only new piece of thinking for The

The bank as already doing a lot of the standards. What this means is the substantive performance is the key, not necessarily process and yet it is the latter where most attention is focused.

Finally, the only way in which ethics will matter in the marketplace is when there are parameters to measure it, and benchmarks to rank performance. Then customers will be able to compare the ethics of different banks. At present there is a void for measurement.

4.4

Jason Perks, Consultant for Vauxhall.

Comments on Working Paper 1

The interview began with discussion about definitions, and how there is a need to be clear as to the meaning of standards; one way in which the WP1 defines it can be confusing, for although it distinguishes between substantive and process 'standards' this is not necessarily the way in which others interpret the meaning. One suggestion is that there should be a glossary (not only for this stream but for the others as well).

The multi-stakeholder approach of SIGMA was welcomed but could be broadened, to maybe include those from unions, and with financial experience in companies.

There was then a discussion regarding the definition of social sustainability used in WP1 and its relationship with the other areas of sustainability. He was concerned that in the definition the meaning of stakeholder dialogue was not clear enough; in particular it did not discuss practical difficulties facing companies engaging in stakeholder dialogue (e.g. what if stakeholders do not care?).

Also, it is not clear that stakeholder dialogue makes an organisation more effective, even though it may make it more accountable. This relationship (between effectiveness and accountability) is important for companies. However, the strength of stakeholder dialogue, besides accountability, is that one can address issues of sustainability (in one fall swoop), as opposed to trying to distinguish between the social, environmental and economic. For example, staffs' views on their working environment, such as heating levels affects the financial (cost of heating), social (staff satisfaction), and environmental (energy use/conservation).

Comments on the 'Standards'

Jason works with the environmental affairs department at Vauxhall, which is part of the corporate planning division of the Managing Director's office. Environmental affairs is therefore positioned at a strategic level in the company. The social side has not been addressed in a holistic way, which is something that was highlighted in the company's recently published first sustainability report. However, sustainability is now being taken forward and there are to be meetings to discuss how social issues can be addressed in a more holistic way by the company.

Standards Used

Global Sullivan Principles: Vauxhall Motors signed up two years ago as part of General Motors, and Vauxhall provides to GM an annual review of conformance. However GSP is seen to be more prominent in US. It is seen as a high-level guidance and provides an opportunity to communicate diverse initiatives using stakeholder-recognised principles. However, it can improve the reputation of the company.

UN Global Compact: This is not used because it is seen to be too similar to GSP and not clear how it will improve substantive performance.

EMAS, ISO14001: Vauxhall applies both. EMAS followed ISO14001/BS7750 because it was seen as a logical progression. However, the perceived difference is not really recognised even though EMAS provides better regulatory measures. In fact the same auditors check against both processes. This latter point is important as ultimately a company may wish to employ a (single) sustainability auditor, as opposed to numerous others relating separately to the social, economic, and environmental.

4.4.1

4.4

The Natural Step: This is not applied, as it is not perceived to be able to add anything, and can be seen as too high level.

Balanced Score Card (BSC): This is the main management tool used by the company in the area of integrating social (e.g. IIP – see below), environmental (e.g. EMAS) with the economic (e.g. business plan).

EFQM: It is not used, because it is not seen to add anything on BSC.

Investors in People: This is used because it is seen to benefit the company in a number of ways (e.g. staff satisfaction, retention).

SA8000 & ETI Base Code: Vauxhall uses neither, because they do not seem to relate to Vauxhall as it is UK based and GM is the global purchaser. In addition, there has not been scandals in the automotive industry similar to those seen in some parts of the clothing sector. However, this could change with the shift in manufacturing to developing countries.

AA1000: This is not applied. However, in terms of social sustainability, the company sees a route through SIGMA (as well as use of GRI – see below). Vauxhall does, however, carry out a great deal of consultation with stakeholders using market research, and a recent stakeholder pilot-survey, which addressed sustainability issues, drawn from indicators set out in GRI. This was given to each department to consult with their immediate stakeholders with the idea of encouraging them to expand their dialogue processes to incorporate wider issues. The plan this year is to produce another set of questions to a wider group of stakeholders. However, there are a number of practical difficulties particularly with the future of the Luton plant in question and redundancies.

London Benchmarking Group: the company is interested in this and considering its use.

Global Reporting Initiative: to date this has been the company's tool to develop a baseline assessment of sustainability issues. GRI also has the strength of being a multi-stakeholder institution and therefore has greater credibility with stakeholders.

Combined Code: Vauxhall is not applying this as it not a publicly listed company.

Gaps in the Standards

There are issues of diversity that are not covered by any of the standards undertaken by Vauxhall. However, there is a diversity working group and there are ongoing consultations with female employees to look at the views of working for the company. There was a study on ethnic minority groups and employment and it was found that Vauxhall employed greater amount that local community percentage. Issue then is what one does with the information, although could move onto to gaining views on race and working at Vauxhall.

The interviewees overall view on the standards on offer was that there are enough standards for companies to engage seriously with sustainability issues. The key problem is the lack of linkages between them (and hence SIGMA) and to undertake them all is unrealistic as well as making the company inefficient. So the present research, as well as any future research, should focus on integration and to relate this to the business case for companies, which is seen to be lacking at the moment in the SIGMA project.

4.4.2

4.5

James Farrar, Manager of Corporate Social Responsibility, Sustainable Business Unit, British Airways

Views on the Draft Working Paper

Ultimately the most significant standards are those embodied in law; how these are developed and made statutory can be a learning process in relation to social standards.

Definition. It isn't a definition as such in that it does not define the substantive; from a business point of view, social sustainability is social stability – i.e. the minimum conditions to continue to do business. However, it is very difficult to define social sustainability in isolation from economic and environmental elements, so there is a need to define sustainability in terms of integration.

Stakeholder dialogue issues need to be clarified; for example, BA would not want to engage in dialogue with stakeholders when both sides' views are non-negotiable. Also, there is a need to explore the legitimacy of stakeholders and who they represent, especially in relation to civil society. Also, if one goes into a country such as Nigeria, how do you know who to talk to?

Often one way of 'good' stakeholder dialogue is through more informal processes of engagement; for example, in Nigeria, James has been doing a mixture of formal interviews with staff and customers, as well as informal discussions with people as he walked around work sites.

Standards Used

BA signed up to the Global Sullivan Principles. The attraction of the GSP to BA is that it enabled the company to kick-start a process of sustainability and begin to pull things together internally. Although there is no process in which to implement GSP, this was not seen as a problem as there is a need to understand the issues before engaging in the process of measurement.

GSP offers something for people to aspire to, and relates directly to the values and mission of the company, which was developed in consultation with a variety of BA's stakeholders.

Parts of the company use the BSC, and there is some work on London Benchmarking Group.

The driver for engaging in any standards is the extent to which they are able to deliver value to the company and its various assets. Essentially the business case needs to be made, in particular its relation to the economic conditions to which a company operates.

Secondly, there is the driver of reputation management. As the aviation industry consolidates, brand and reputation will be the key strategic management factors of the future.

4.5.1

4.5

For global companies such as BA, there are cultural and political issues to address when engaging in social standards; for example, it would be difficult for BA to address issues of corruption in a government and to still do business in the country.

The aim then is neutrality within minimum standards such as those dealing with human rights. Standards therefore can offer a template of performance and measurement, but they need to be tailored towards the specific company circumstance.

Future Plans

BA is presently struggling with stakeholder dialogue and sustainability is just emerging and will take twenty years to be defined (if at all). This all means that BA needs to get on with things as they see most relevant to them as a company.

Issues for SIGMA

Relating to the cultural issue above, there is a danger of the politicisation of standards; how can a company make a commitment to a standard without alienating a government? Standards need to be kept apolitical.

For BA there is the issue of integration, which is where SIGMA could help. The issues are different across companies so there is a need to customise standards or at least have an understanding as to how they relate to different circumstances. One way could be through linking to sectoral governing bodies; e.g. aviation has ICAO and IATA, and BA works with them on environmental matters.

He would be interested in a more independent review of stakeholders' views on SIGMA; i.e. from someone who is expert on both sides of the fence (an example – although not a suggestion - is Robert Reich, Clinton's secretary of state for Labour, who took on both business but also those in 'yesterday's' industries).

Following on from this, the general business case for sustainability needs to be articulated, and how it relates to the long-term as well as short-term basis upon which companies operate.

There is also a need for the inclusion of greater expertise from the City or mainstream economists.

4.6

Richard Mellish, Sustainable Development Unit, DETR

Views on the Draft Working Paper

He was pleased with the definition of social sustainability because it links to the UK Sustainable Development Strategy. It is also a good starting point for explaining the basic principles.

The definition could then lead onto what it means for the determination of more substantive social performance.

From a public sector perspective, SIGMA may want to look at the Human Rights Act; Access to Open Government, and Best Value

The use of environmental indicators in WP should be replaced with social indicators, as these would be more relevant.

Standards Used

The organisation uses IIP and ISO14001. Human Resources are also looking at GRI indicators (DTI has commissioned ACCA to look at GRI).

The reason for IIP was to get the award and to be seen to be a good employer. With developments in the public sector whereby promotion opportunities are reduced and pay not commensurate with private sector, standard such as IIP seen as way of addressing issues, although not directly.

Stakeholder dialogue. As part of government, Green Papers are a basis for stakeholder dialogue in the development of policy. There is also do a bi-annual staff attitudes survey.

On the whole, the organisation does lots of things that would come under the umbrella of sustainable development, but does not group them together.

Gaps

There was an initial expectation that standards such as IIP would improve pay and conditions. In other ways, we are now moving toward resource accounting.

Concerning effectiveness, the EMS is effective although not everyone has bought into it; we still tend to operate in silos, but this is beginning to improve.

For government, although dialogue with external stakeholders is important, it is also crucial across different departments (joined-up government). The DETR also gets a lot of third party organisations to carry out consultations, plus governmental consultations occur at many levels (government, departmental, local).

The DETR is presently developing an Action Plan whereby a Board member is responsible for developing one of the following areas: Stronger leadership, business planning, performance management, diversity, and interchange.

Future plans

The DETR plans to develop an EMS across more sites; implement GRI; then see what comes out of SIGMA as being an organisational partner.

Issues for SIGMA

SIGMA needs to offer tools for stakeholder dialogue and how to handle stakeholder views.

SIGMA should not be something attractive to those companies doing well, it should demonstrate how companies doing badly could benefit.

SIGMA should not be just another standard. It should attempt to combine them all. It should be kept simple and enable people to know what to do.