A Pathway to ‘CSR Excellence’: the roles of ISO 9000 and ISO 26000

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ABSTRACT
The paper discusses the roles of ISO 9000 and ISO 26000 quality and social responsibility standards in a journey toward Corporate Social Responsibility (CSR) Excellence. We juxtapose these two standards highlighting differences and similarities in terms of scope, approach to supply chain management, principles and content. Consequently, we position these standards on a transitional pathway toward CSR Excellence and discuss the role of ISO 9000 as an operational building block and the role of ISO 26000 as a tool to review strategic positioning and operational maturity of organisations.

Keywords: ISO 9000, ISO 26000, Corporate Social Responsibility, Quality Management, Excellence, Standardization

1.0 Introduction
Many organisations joined the path toward business and quality excellence and utilized quality tools, quality & environmental management systems standards (ISO 9000 and ISO 14000) and business excellence models (EFQM, Baldrige, etc.) to assist them in this transition. Yet the evolution moves on and is heading now toward Corporate Social Responsibility (CSR) Excellence (Castka et al., 2004a; Waddock and Bodwell, 2004; Peddle and Rosam, 2004). In this paper we discuss the roles of two ISO standards in this pathway: ISO 9000 quality management system standard and ISO 26000 guidance standard on social responsibility.

The paper is organised in the following way. To set a scene, we define CSR Excellence and outline general features of the progression from ISO 9000 toward CSR Excellence. Here we stress the complexity of this issue by seeing the pathway as a set of interlinked developments (namely management systems, people skills and learning & change) and a set of tools and guidelines (such as ISO 9000, ISO 26000, sector specific programmes, etc.). Out of these vast set of activities, initiatives and developments, we limit the scope for this paper to discussion of management systems development and the role of ISO 9000 and ISO 26000 in this particular area. Discussion of the development of people skills and learning & change and other tools is beyond the scope of this paper. Secondly, we juxtapose ISO 9000 and ISO 26000 and discuss the differences and similarities. Here we scrutinize five items (general description, scope, supply chains, principles and content). As ISO 26000 is still under development, we use Working Draft 2 for our discussions (ISO/WD 26000, 2006). This is seen as adequate as the final version of the ISO 26000 standard will maintain the spirit and structure of Working Draft 2. This analysis gives us a ground to discuss the roles of these standards in the pathway toward CSR Excellence. Here we argue that ISO 9000 provides an operational building block whilst ISO 26000 provides a framework for the review of strategic positioning as well as operations in organisations. Finally, we outline the area for future research.

2.0 Toward CSR Excellence
Similar to quality, definitions of corporate social responsibility (CSR) are abundant and ever evolving. One of the most referred definitions is by the World Business Council for Sustainable Development (WBCSD, 1999) that defines CSR as “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.” Indeed this definition set the benchmark for the recent debates and developments in this area - including ISO 26000. ISO 26000 (ISO/WD 26000, 2006, p.2) states that social responsibility means:
...actions of an organization to take responsibility for the impacts of its activities on society and the environment, where these actions:

- are consistent with the interests of society and sustainable development;
- are based on ethical behaviour, compliance with applicable law and intergovernmental instruments;
- and are integrated into the ongoing activities of an organization.

In a nutshell, these and many other definitions of CSR seek the harmony between economic development and responsibility for the impacts that this developments brings. We understand this as a cornerstone of CSR Excellence and for the purpose of this paper, we will utilize the definition of CSR Excellence that we have developed in our previous work (Castka et al., 2004a) and argue that “CSR is a concept to run organisations profitably yet in a socially and environmentally responsible manner to achieve business sustainability and stakeholder satisfaction”.

However, the journey toward CSR Excellence requires years of organisational development. This is captured in Figure 1, which is a modification from Peddle and Rosam’s (2004) paper. Here the pathway is seen as a progression from process-based management (for instance based on ISO 9000) by development of management systems, people skills and learning & change. Figure 1 also highlights other tools and guidelines that are in general used in this development and depicts the scope for this paper as to the discussion of management systems development and the role of ISO 9000 and ISO 26000 in this particular area.

Figure 1 A transitional pathway toward CSR Excellence (modified from Peddle and Rosam, 2004)
3.0 ISO 9000 and ISO 26000

In this section of the paper, we scrutinize the two standards in question: ISO 9000 and ISO 26000. To do so, we will analyze the similarities and differences in five areas (listed as Item 1-5 in Table 1). Each Item is furthermore discussed below.

Table 1: A comparison of ISO 9000 and ISO 26000

<table>
<thead>
<tr>
<th>Item</th>
<th>Standard ISO 9000:2000</th>
<th>ISO/WD 26000(^\text{1})</th>
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<tbody>
<tr>
<td>1 General description</td>
<td>Quality management systems standard</td>
<td>Guidance on Social Responsibility</td>
</tr>
<tr>
<td>2 Scope</td>
<td>Specifies requirements for a quality management system where an organisation needs to demonstrate its ability to consistently provide product that meets customer and applicable regulatory requirements, and aims to enhance customer satisfaction through the effective application of the system, including processes for continual improvement of the system and the assurance of conformity to customer and applicable regulatory requirements.</td>
<td>Promotes common understanding in the field of social responsibility; provides guidance that is applicable to all types of organisations; takes account of societal, environmental and legal diversity, as well as differences in economic development conditions, except where these are in conflict with broadly accepted international norms of socially responsible behaviour.</td>
</tr>
<tr>
<td>3 Supply chains(^2)</td>
<td>Supplier (\rightarrow) Organization (\rightarrow) Customer</td>
<td></td>
</tr>
<tr>
<td>4 Principles(^3)</td>
<td>Customer focus, Leadership, Involvement of people, Process approach, System approach to management, Continual improvement, Factual approach to decision making, Mutually beneficial supplier relationships</td>
<td>General Principles (respect for internationally recognised conventions and declarations and widely recognised instruments derived from them; respect for the rule of law; and recognition of the right of stakeholders to be heard and the duty of an organization to respond). Substantive Principles (the environment, human rights, labour practices, organisational governance, fair business practices, community involvement, consumer issues). Operational Principles (accountability, boundaries, integration, materiality, multi-stakeholder approach, transparency, life cycle approach).</td>
</tr>
<tr>
<td>5 Content</td>
<td>4 Quality management system, 5 Management responsibility, 6 Resource Management, 7 Product realization, 8 Measurement, analysis &amp; improvement</td>
<td>4 The SR context in which all organisations operate, 5 SR principles relevant to organisations, 6 Guidance on core SR subjects/issues, 7 Guidance for organisations implementing SR</td>
</tr>
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</table>

NOTES:

\(^1\) The analysis is based on Working Draft 2 – ISO/WD 26000 N 80, 2006
\(^2\) The figures are taken from ISO 9001:2000 (p.1) and ISO/WG 26000 (p.45)
\(^3\) Principles are taken from ISO 9004:2000 and ISO/WD 26000 (Clause 5)

Item 1: General Description

General description offered in Table 1 suggests that ISO 9000 is a quality management system standard whilst ISO 26000 is a guidance on social responsibility. The major difference is in the approach to standardization: ISO 26000 does not aim to define a system through a set of requirements, it stays at a broader level offering guidance on social responsibility (for the details about the first steps in the standardization of ISO 26000 see Castka and Balzarova, forthcoming). Other major difference is in certification: whereas organisations can seek certification against ISO 9000 requirements, ISO 26000 is intended as guidelines and third party certification will not be offered.

Item 2: Scope

ISO 26000 takes much wider approach in comparison to ISO 9000. Whereas ISO 9000 focuses at quality management systems and specification of the requirements for these, ISO 26000 discusses much broader issues in the field of social responsibility – such as social, environmental and legal diversity in the world and puts them in the perspective in terms of globalization, climate change, organisational governance or sustainable development – to name but a few. Building on these issues, ISO 26000 demonstrates how to understand and translate these issues into organisational settings. The focus is on stakeholders and society in large as opposed to predominantly customers (ISO 9000). As the social responsibility field is less
defined and understood, ISO 26000 inevitably devotes more space to discussing and defining wider societal issues in comparison to ISO 9000.

**Item 3: Supply Chains**
ISO 9000 is quite vocal in highlighting the need to include supply chains partners in quality management systems of ISO certified organisations, especially in terms of purchasing and product realization and highlights “mutually beneficial supplier relationships” as one of the eight QMS principles. However, ISO 9000 somehow simplifies the understanding of supply chains (see Table 1, Item 3). ISO 26000, on the other hand, extends ISO 9000’s description and understanding of supply chain by providing more complex “supply web” approach. This includes extended upstream and downstream involvement and integration including issues like recycling or life-cycle assessment.

**Item 4: Principles**
ISO 9000 outlines a set of eight quality management principles (see Table 1; Item 4). Introduced for the 2000 revision of ISO 9000 standards, these principles serve as counterpart to management systems’ “rationality” and emphasise the spirit in which the ISO 9000 standard should be implemented. ISO 26000, on the other hand, outlines a three-set of principles: general (overriding principles that apply to all circumstances); substantive principles (apply to outcomes for which organisations are accountable) and operational (apply to the nature and quality of the process). In ISO 26000, social responsibility principles are seen as general laws or rules adopted as “a basis for conduct or practice that should animate or inform an organization’s decision-making and conduct” (ISO/WD 26000, 2006; p.3).

**Item 5: Content**
The final item in Table 1 presents an overview of the content of both ISO 9000 and ISO 26000 standards. The core of ISO 9000 is based on five clauses that specify the requirements for the quality management system. Clause 4 deals with general system requirements, whilst Clauses 5-8 provide requirements for specific elements of the system. The core of ISO 26000 is built around four clauses. In contrast to ISO 9000, though, ISO 26000 dedicates larger space for decision making in respect to social responsibility. Clauses 4-6 (SR context, SR principles and SR issues) should serve organisations to understand, analyse and make informed decisions about social responsibility. Clause 7, named guidance for organisations implementing social responsibility, provides practical guidance on integration and implementing social responsibility in organisations. In this respect, this clause could be seen as counterpart of the entire ISO 9000 as it provides a framework that shares similarities with the logic and spirit of quality management systems (such developing strategies and objectives; reviewing performance for improvement, etc.).

### 4.0 Discussion and Practical Implications
ISO 9000 sets the basics of process based and systems thinking in terms of defining the elements of a quality management system and defining eight quality management principles. The ISO 9000 family if often seen as a starting point in a journey toward business excellence (Ho and Fung, 1994) and CSR Excellence (Castka et al., 2004a,b,c; Peddle and Rosam, 2004). This often means that ISO 9000 (or quality management systems in general) are understood as a building block that gives a platform to integrate other systems or requirements (Castka et al., 2004b; Karapetrovic and Willborn, 1998) and/or to expand toward wider business developments (Zwetsloot, 2003).

The research from ISO 9000 certified organisations suggests that ISO 9000 is utilised primarily to address quality improvements, customer satisfaction and improvement in corporate image (Castka and Balzarova, 2006; Corbett and Luca, 2002). However, these studies also show that ISO 9000 is not very much used in areas that are important for CSR excellence; namely, relations with communities, relations with authorities and environmental improvements. In other words, ISO certified companies mostly use ISO 9000 to drive their operations and to create management systems supporting their operations.

A comparison of ISO 9000 and ISO 26000 offered in Table 1 and in the previous section of the paper highlighted several areas in which ISO 26000 moves ISO 9000 toward CSR Excellence. The most significant is the shift from customer basis toward wider stakeholder base. This per se does not represent anything new in the field of management. What is significant, though, is a description what this actually means – developed for the first time through a multistakeholder dialogue at the international level (ISO/TMB/WG/SR, 2006). Hence we suggest that organisation use ISO 26000 as a key guidance and decision making tool to:
• **Review strategic positioning of their organisations:** ISO 26000 describes in detail context in which organisations operate, social responsibility principles and core social responsibility issues (Clause 4-6). These clauses can be used to review the current strategic positioning of organisations. Organisations can utilize a “Looking Outside In” framework (Porter and Kramer, 2006) and analyze context of their Firm Strategy and Rivalry, Local Demand Conditions, Related and Supporting Industries and Factor (Input) Conditions and use ISO 26000 to guide their thinking.

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

We also envisage that linking the review of organisational strategic positioning and quality management systems can bring improvements in both of these areas. For instance, organisations may find a new way of utilizing their internal competencies (in line with the resource-base view of the firm; Hart, 1995) or a unique market niche that will provide new opportunities (see Hargroves and Smith, 2005 for some examples of socially responsible approaches in sectors as diverse as banking, food supply chains, recycling, mining, etc.). Furthermore, by using ISO 26000, organisations can demonstrate their leadership role in terms of CSR Excellence. As ISO 26000 will not be offered for third party certification, there will be little space for coercive pressure that organisations experienced with ISO 9000 in the past (Guler et al., 2002). This is a chance for organisations to demonstrate their leadership role in CSR Excellence. In supply chains, ISO 26000 can provide a platform for communication and common understanding of the CSR issues.

## 5.0 Conclusive points and future directions

The paper discussed the roles of ISO 9000 and ISO 26000 as catalysts for the journey toward CSR Excellence. We have analysed and demonstrated the key strength of both and set the path for the way forward. In our discussion, we have limited ourselves to ISO 9000 and ISO 26000 and discussions of the improvement in management system element of the journey (see Figure 1). Other developments were beyond the scope of our paper. These limitations set the boundaries for this paper but we encourage other researchers to explore the areas that are beyond the scope of this paper. Namely, the role of other tools and techniques in the journey, development of people skills and learning & change elements in the model and to investigate sector specifics in the path toward CSR Excellence.

### References


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Authors’ Backgrounds

Dr. Pavel Castka is Senior Lecturer in Operations Management and former MBA Director at the University of Canterbury, New Zealand advising PhD and MBA students as well as teaching MBA and undergraduate courses in operations and quality management. Dr. Castka’s research interests in quality management and corporate social responsibility focus on management frameworks and aspects of standardization. His work has received numerous international awards and has been published in many refereed journals. Pavel is a leading author of the CSR framework published by BSi. As a consultant, Dr. Castka works closely with businesses to improve their management systems; he serves as nominated expert on ISO/TMB/WG Social Responsibility (responsible for the development of ISO 26000) and is a member of ISO/TC 176/SC2 (ISO 9000) within the International Organization for Standardization (ISO). Pavel often speaks at global events related to quality management and CSR.

Michaela Balzarova is Lecturer of Business Administration at Lincoln University, New Zealand. Before joining Lincoln University, Michaela has helped blue-chip organisations such as Gillette (Czech Republic) to develop and deploy effective Environment Management Systems. Michaela has extensive knowledge of ISO 14000 and ISO 9000 and has successfully helped clients to gain certification to these International Standards. Michaela’s research interests are in environmental management, CSR and sustainability. Michaela serves as nominated expert on ISO/TMB/WG Social Responsibility.