

Social responsibility standardization: Guidance or reinforcement through certification?

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Abstract. Increased debates and scrutiny over Corporate Social Responsibility (CSR) and Sustainable Development (SD) has resulted in a greater number of organizations subscribing to CSR and SD principles. To assist with the operationalization of CSR and SD, the International Organization for Standardization (ISO) has developed a set of standards – most recently a standard for social responsibility (ISO 26000). Some of these standards are intended for use as specification standards for certification, others establish guiding principles. The latter are not intended for certification purpose hence they rely on self-motivated implementation. Should ISO 26000 be a guidance standard or a certifiable standard? To answer this question, we firstly outline and discuss ISO standards for CSR and SD. Central to our discussion is whether and how certification impacts on the uptake of CSR and SD standards. We argue that for ISO 26000 a guidance standard not a certifiable standard is preferable.

Keywords: Corporate social responsibility, sustainable development, self-regulation, value stream, operations management, ISO standards



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experts on Social Responsibility for the International Organization for Standardization (ISO). ISO/TMB/WG SR is responsible for the development of ISO 26000 – international guidance standard on social responsibility and consists of more than 300 nominated experts from 52 countries.



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1. Introduction

Recent studies into corporate social responsibility (CSR) and sustainable development (SD) have indicated that stringent social and environmental standards and performance measures should be seen as opportunities to unleash organizational capabilities to innovate products, services and organizational processes, enter new markets and employ new business models [10,16,33]. Fair trade practices, partnerships with local communities, green products, sustainable supply chains, socially responsible investments, purchasing social responsibility – to name but a few – emerged as approaches to addressing CSR and SD. In order to legitimize and/or carry out their CSR and SD, firms have adopted various self-regulatory regimes.¹ Examples include industry specific programs (i.e. Responsible Care Program for pollution in chemical industry), supply chain practices (i.e. fair-trade practices by Fairtrade Labelling Organization International) or international standards (i.e. ISO 14001 standards for the environment). A central issue in these regimes is the question of credibility: if organizations join a self-regulatory regime and receive a certificate, have they really embedded CSR and SD in their daily routines? Indeed, research has shown that self-regulatory regimes attract a wide spectrum of organizations: from low performers to high performers and from organizations motivated to gain external recognition to organizations that aim to improve internally [32,37]. In order to reduce these asymmetries and address the free rider problem, self-regulatory regimes have adopted various forms of control mechanisms: in some regimes a subscription to its principles is sufficient (i.e. Responsible Care Program), other regimes are more stringent and require

¹Self-regulatory regimes are private-decentralized institutions that are created by non-state actors and that rely on diffuse social and economic interaction for reinforcing compliance [38]. Self-regulatory regimes operate “beyond the law” – very much in line with the spirit of the CSR agenda. Most of the definitions of CSR emphasize this position in relation to legislation. For instance, McWilliams and Siegel [29] define CSR as situations where the firm goes beyond compliance and engages in ‘actions that appear to further some social good, beyond the interests of the firm and that which is required by law’.

third party certification² (i.e. ISO 14001 standard for environmental management system). Yet scholars as well as practitioners remain divided as to what approach leads to better implementation of CSR and SD principles. On the one hand, research has shown that less stringent regimes attract lower performers [23]. On the other hand, extensive auditing may adversely become self-defeating and organizational members “may become more concerned with generating the right indicators than with actually doing a good job” [31].

One of the most influential and powerful platforms for self-regulation are ISO standards, which are developed by International Organization for Standardization (ISO).³ Since 2005, ISO has been working on an international guidance standard for social responsibility (ISO 26000). The key aspect of ISO 26000 is that it establishes guiding principles as opposed to specifications for certification. However, other standards do offer certification and, notably, these standards enjoy a global uptake (i.e. ISO 14001).

The critical question for our paper is centred around certification: should ISO 26000 be a guidance standard or a certifiable standard? We approach this question in the following way. Firstly, we discuss recent developments in the field of *operations management* in relation to CSR, Sustainable Development (SD) and ISO standards. This section highlights the fundamental importance of the operations perspective on the setting of standards for CSR and SD. Indeed, ISO standards for CSR and SD emphasize the need for operationalization of CSR and SD throughout the entire value chain of an organization – as opposed to PR and communication exercises that some organizations employ to manage their CSR. Secondly, we provide an overview of ISO standards for CSR and SD and categorize these standards into a 2×2 matrix. The first dimension distinguishes guidance standards versus certifiable standards; the second holistic standards versus CSR/SD issue specific standards. In continuation of our operations perspective, we also demonstrate how these standards link to organizational operations. Thirdly, we discuss the role and contribution of ISO

²Third party certification is independently performed by approved certification bodies that issue a certificate of compliance after an external audit of an organization or a facility.

³ISO is a worldwide federation of national standards bodies and develops international standards that are required by the market for the purpose of facilitation of trade, spread of knowledge, sharing of technological advances and management practices ISO/TMB/WG/SR [18]. According to Bryant [5], ISO offers a portfolio of some 16,500 standards that has much to offer for the economic, societal and environmental dimensions of CSR.

standards to CSR and SD. In particular, we centre our debate around three areas: ISO standards as a source of knowledge, power over knowledge and certification. This debate provides the material for a final discussion as to whether or not the ISO 26000 standard should employ certification as a control mechanism. In our conclusion, we advocate a *guidance* standard.

2. Operations management, CSR and ISO standards – state-of-the-art

Within Operations Management (OM) there has been increasing and substantial interest in the environmental and social issues of the CSR agenda.⁴ The debate thus far seems to be divided into three streams. The first stream of studies concentrates on green/sustainable issues within OM. Recently, Srivastava [36], Kleindorfer et al. [26] and Corbett and Klassen [10] have provided extensive literature reviews about green and sustainable operations, where they conceptualized the field of study through value chain lenses. Green design, green operations and remanufacturing and closed-loop supply chains all emerged as key areas. A second stream of studies focuses on social issues in operations management (OM). Porter and Kramer [33] reinforce the need to study the positive and negative social impacts of the value chain including support activities such as firm infrastructure, human resource management, technology development and primary activities such as logistics, operations, marketing & sales and after-sales service. This approach is mirrored in the recent studies in purchasing and supply chain management [6] that looked at various issues related to environmental purchasing, sourcing from minority-owned suppliers, human rights, safety and philanthropy. A third stream of studies looks at the integration of both environmental and social issues into daily operations. Here again, earlier studies focused on the linkage between operations and environment [22], later studies also encompassed social, health and safety issues [8].

In the last decade, the area of ISO standards in operations management has seen a proliferation of empirical studies. The most diffused standards – ISO 9001 (quality management system standard) and ISO 14001 (environmental management system standard) – have

⁴In the paper, we understand CSR as a set of economic, environmental and social issues – in line with Triple Bottom Line. Therefore, we include “green” and sustainability practices together with social issues as inseparable and interlinked parts of CSR.

led to a plethora of studies [11,15,24,41] that unravelled the mechanisms of the standards’ uptake in organizations. In general, the studies support the finding that these standards have diffused due to the mix of mimetic, normative and coercive forces.⁵ Other studies in this area looked at the integration of these two standards [22], integration with other industry specific standards [21], integration with CSR [8] and the impact of ISO 9001 and ISO 14001 on standardization of social responsibility [7]. In particular, Castka and Balzarova’s study [7] is relevant to the present paper as it revealed that disagreement about the effectiveness of certification led the standard developers to opt for a guidance standard, in that case.

Undoubtedly, ISO 9001 and ISO 14001 dominate the scene – amongst practitioners as well as academics. Yet the International Organization for Standardization (ISO) has developed other standards that cover a great number of CSR and SD issues and aim to contribute to the uptake of environmental and social responsibility practice. However, these standards remain largely overlooked. Hence, in the following section of the paper, we provide an overview of the ISO standards related to CSR and SD and discuss this matter.

3. ISO standards for CSR and sustainable development

Following the 1992 Earth Summit’s call for sustainable development, the International Organization for Standardization (ISO) initiated the development of ISO 14001 standard.⁶ ISO 14001 *Environmental Management Systems – Requirements with guidance for use*⁷ was introduced in 1996 and in 2006 it had been adopted by over 129,000 organizations in

⁵For instance, Guler et al. [15] demonstrated that states and multinational companies are the key actors responsible for coercive isomorphism (i.e. the forced creation of similarities across organizations). They also noted that cohesive trade relationships amongst these actors create both normative and coercive effects.

⁶The work on ISO 14001 is led by ISO Technical Committee ISO/TC 207 *Environmental Management*. TC 207 consists of 73 countries, 25 observers and 39 international and regional organizations including UN Conference on Trade and Development, the United Nations Environmental Programme, the World Health Organization and the World Trade Organization.

⁷ISO 14001 is designed as a generic standard to enable an organization of any size or type to identify and control for the environmental impact of its activities, products or services; to continually improve its environmental performance; and to implement a systematic approach to setting and meeting environmental objectives and targets.

Table 1
A list of ISO standards related to CSR and SD issues

Standard number	Standard title	Certifiable
ISO 14001:2004	Environmental management systems – Requirements with guidance for use	Yes
ISO 14020:2000	Environmental labels and declarations – General principles	No
ISO 14021:1999	Environmental labels and declarations – Self-declared environmental claims (Type II environmental labelling)	No
ISO 14024:1999	Environmental labels and declarations – Type I environmental labelling – Principles and procedures	No
ISO 14025:2006	Environmental labels and declarations – Type III environmental declarations – Principles and procedures	No
ISO 14031:1999	Environmental management – Environmental performance evaluation – Guidelines	No
ISO 14040:2006	Environmental management – Life cycle assessment – Principles and framework	No
ISO 14044:2006	Environmental management – Life cycle assessment – Requirements and guidelines	No
ISO 14063:2006	Environmental management – Environmental communication – Guidelines and examples	No
ISO 14064-1:2006	Greenhouse gases – Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals	Yes
ISO 14064-2:2006	Greenhouse gases – Part 2: Specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emission reductions or removal enhancements	Yes
ISO 14064-3:2006	Greenhouse gases – Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions	Yes
ISO/TR 14032:1999	Environmental management – Examples of environmental performance evaluation (EPE)	No
ISO/TR 14047:2003	Environmental management – Life cycle impact assessment – Examples of application of ISO 14042	No
ISO/TR 14049:2000	Environmental management – Life cycle assessment – Examples of application of ISO 14041 to goal and scope definition and inventory analysis	No
ISO/TR 14062:2002	Environmental management – Integrating environmental aspects into product design and development	No
ISO/TS 14048:2002	Environmental management – Life cycle assessment – Data documentation format	No
ISO 19011:2002	Guidelines for quality and/or environmental management systems auditing	No
ISO/WD 26000	Guidance on social responsibility	No

Note: International standards are available through ISO webpage – www.iso.org.

140 economies [17]. ISO 14001 is a cornerstone of the ISO 14000 family – other standards in the ISO 14000 family address specific environmental issues including environmental labelling, performance evaluation, life cycle analysis, communication and auditing [5].

Social responsibility standardization has followed a decade after environmental and sustainability standards. Consequently, the former standards are significantly less developed than the ISO 14000 family. In fact, ISO 26000 – the international guidance standard on social responsibility – is still under development (with planned publication in 2009) and other standards

stemming from ISO 26000 have not been planned. Table 1 provides a comprehensive overview of ISO standards related to CSR and Sustainable Development. It indeed reveals that standards for the environment cover a plethora of organizational activities whilst social responsibility is compressed into one single standard.

The several CSR and SD standards can be further categorized into a 2×2 matrix as shown in Fig. 1. The first dimension of this matrix divides standards into two categories: *guidance standards* and *certifiable standards*. *Guidance standards* are not intended for use as specification standards for certification or

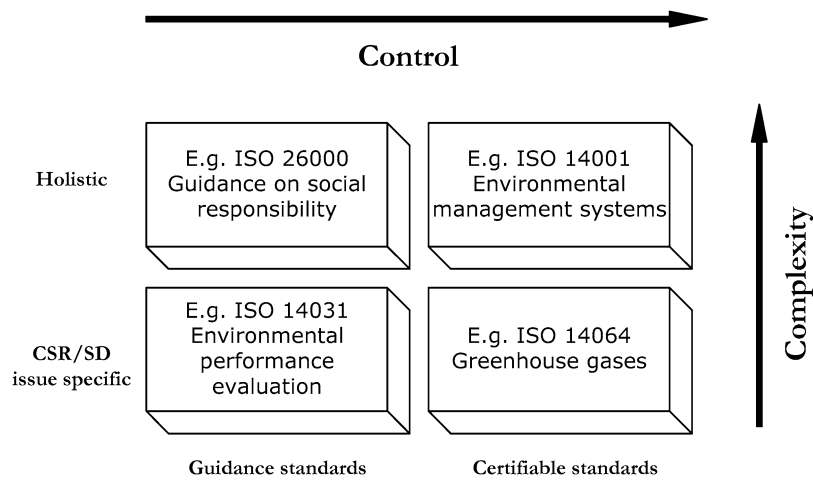


Fig. 1. A categorization of CSR and SD standards.

registration process; *certifiable standards*, on the other hand serve as a set of requirements for certification purposes. Table 1 reveals that only two standards (ISO 14001 and ISO 14064) can be used for certification. Interestingly, certification also explains the uptake and use of these standards: whereas ISO 14001 enjoys a global uptake, guidance standards are not used by practitioners [4] or their uptake is rather limited [20].

The second dimension divides standards into two further categories – *holistic standards* and *CSR/SD issue specific standards*. Whereas *holistic standards* are highly complex standards, *CSR/SD issue specific standards* cover only a particular area in CSR. This difference is apparent from Fig. 2. Figure 2 builds on Porter and Kramer's [33] mapping of the social impact of the value chain. Porter and Kramer [33] argue that the value chain depicts all the activities a company engages in and can be identified with both positive and negative social impacts. As argued before, *holistic standards* cover the entire value chain whilst *CSR/SD issue specific standards* are linked to relevant primary and/or supporting activities.

Holistic standards include ISO 14001 for the environment and ISO 26000 for social responsibility. Both standards address the environment and social responsibility from a generic point of view; i.e. these standards provide a framework to conceptualize and operationalize these areas. In doing so, these standards provide a generic “tool” to address environmental and social issues in any type of organizations. Though complementary at the first instance, there are some significant differences between these two standards. Firstly, ISO 26000 takes much broader

scope in comparison to ISO 14001. In fact, ISO 26000 includes the environment as one of the core CSR issues (Clause 6, ISO 26000). According to ISO/WD 26000 [19], the core CSR issues are as follows:

- Organizational governance (including inclusiveness, ethical conduct, disclosure of information, respect for the rule of law,⁸ accountability);
- Environment (including pollution prevention, prevention of global warming, sustainable consumption and land use, preservation and restoration of ecosystems and the natural environment, respect for future generations);
- Human rights (civil and political rights; economics, cultural and social rights; fundamental labour rights; community rights);
- Labour practices (occupational health and safety, dignified working conditions, human resources development; worker as a human being);
- Fair operating practices (promotion of ethical and transparent activities; promotion of free competition; application of fair and ethical supply and after-supply practice; respect for intellectual

⁸A fundamental issue in CSR concerns the business response to laws produced by a corrupt or oppressive regime. Indeed, a deliberate disobedience of such national laws can be an important step toward (even a prerequisite of) genuine corporate social responsibility. ISO/WD 26000 indeed recognises legal compliance as one of the key principles yet it also clarifies that in cases where laws and regulations are not supportive of social responsibility purposes, organizations should seek to operate to accepted international norms instead.

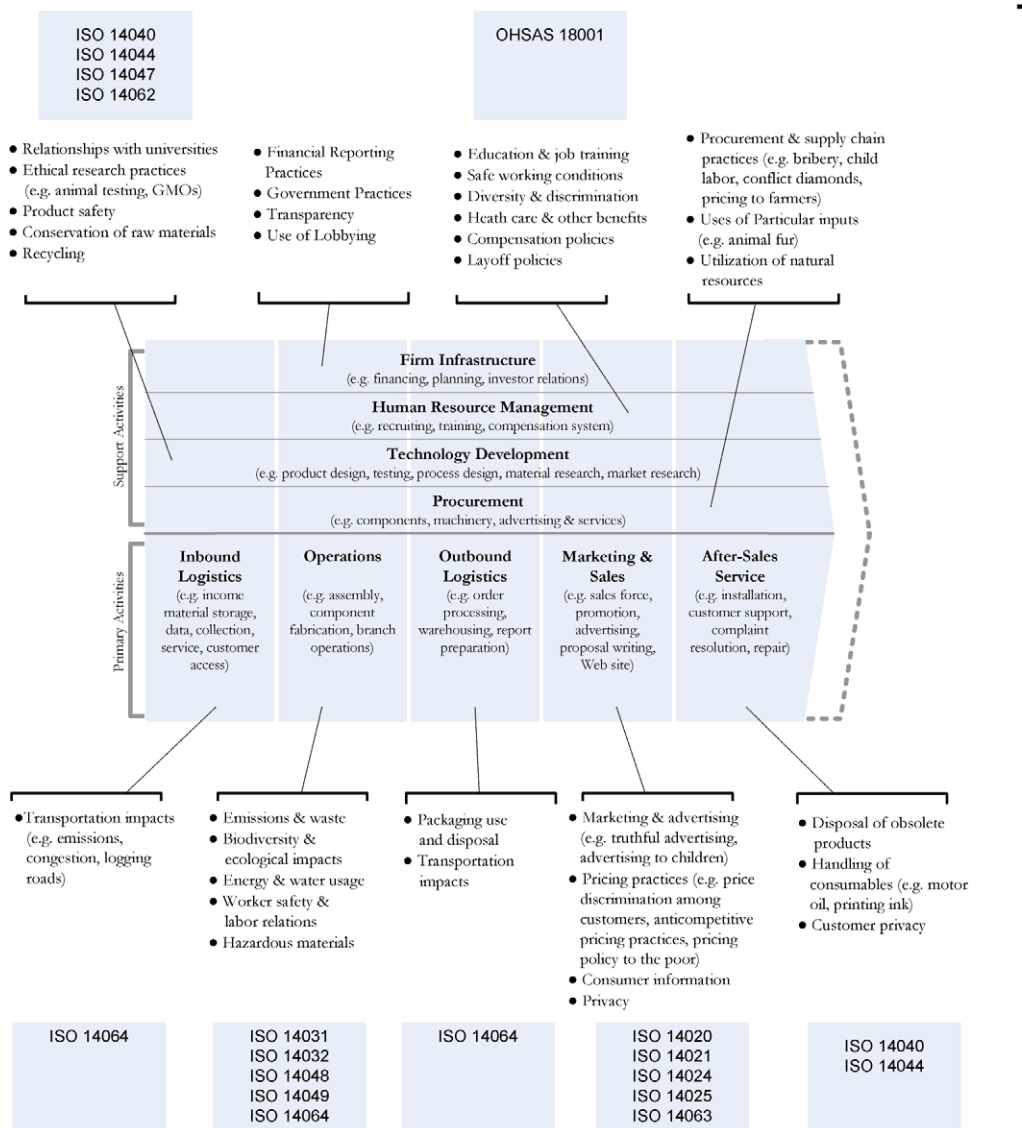


Fig. 2. The linkages between ISO standards and core processes in the value chain (value chain perspective and examples of social impacts adopted from Porter and Kramer [33]).

and/or property rights and respect for users’ interests; fight against corruption);

- Consumer issues (providing consumers with accurate and adequate information; provision and development of socially-beneficial services and products; provision and development of safe and reliable products and services; protection of consumers’ privacy);
- Community involvement/society development (development impacts; community involvement; society development; philanthropy).

The focus of ISO 26000 is not only to operationalize social responsibility in organizations but also to reconceptualize “social responsibility”. Therefore, it is less organization-centric than ISO 14001, which emphasizes the creation of environmental management systems in organizations. The ISO 14000 family also includes a number of CSR/SD *issue specific standards* for particular stages of the value chain (see Fig. 2). In principle, these standards are also designed as generic yet their scope is more focused; for instance standards for life cycle assessment, environmental communication or greenhouse gases emission.

4. Dynamics of ISO standards and its implications for ISO 26000

ISO standards represent a powerful force in the market place. On the one hand the standards can potentially contribute to the diffusion of good management practices. On the other hand, ISO standards can be also used (or misused) to coerce others to seek certification without necessarily improving their management practices (e.g. the “certification industry” has itself being criticised for its apparently entrepreneurial behaviour [27]). Hence in this chapter, we will analyse the dynamics of ISO standards in the global market place. Namely, we examine ISO standards as a source of knowledge and awareness, we discuss the battle to control CSR and SD knowledge and then turn again to the question of certification. This debate is then linked to the question of whether this standard should be (a) a *guideline standard* or (b) a *certifiable standard*.

4.1. ISO standards as a source of knowledge and awareness

Let us start the debate about the role of ISO standards in the pursuit of CSR and SD by discussing ISO standards as a source of knowledge and awareness. For the purpose of this discussion we will decouple the content of these standards from the signalling value of getting the certification and also from the actual social and environmental performance of firms. Hence we will look at the CSR and SD standards (Table 1) from the content point of view – assuming that managers are only interested in guidance to address CSR and SD in their respective organizations.

From a purely content point of view, we argue that ISO standards are a valuable source of global knowledge about CSR and SD. Indeed, ISO provides standards that cover a whole spectrum of organizational processes – from product design, through operations & logistic to communications, marketing & sales (see Fig. 2). Therefore, any organization can address any part of its value chain through the set of ISO standards. Furthermore, managers can be sure that these standards are developed through a rigorous process that ensures the high quality of standards’ content. For instance, the development of ISO 26000 guidance standard for social responsibility involves over 300 nominated experts from more than 50 countries, who represent six stakeholder groups including industry, government, consumer, labour, non-governmental organizations and others [18]. The standard-development

process typically spans 3 years and it requires a thorough dialogue and fine-tuning process amongst nominated experts. As such, ISO standards represent a global consensus about core CSR and SD issues.

Continuing the debate about the content (decoupled from certification), ISO standards can also serve as platforms to initiate dialogue and awareness about CSR/SD. This aspect of standards is addressed in the recent work of Terlaak [38]:

When discussing Certified Management Systems (CMS) [standards] as a means to guide socially desired firm behaviors, it is important to acknowledge the difficulty of defining effectiveness. I have explored the ability of CMS to trigger immediate effects on firm behavior. However, besides assessing CMS with respect to their intended effect on firm behavior, one might assess CMS (and other voluntary social initiatives) with respect to their capacity to initiate a dialogue, increase awareness, and change mind frames.

Indeed, the majority of the CSR and SD standards listed in Table 1 are not intended for certification. And even though it may be difficult to directly assess their influence of firms’ behaviour, these standards can contribute to raising awareness about CSR and SD. Interestingly, the issue of awareness is present in the discussion of the diffusion of certifiable standards as well. For instance, Corbett and Kirsch assert that higher environmentalism and environmental attitudes have a positive impact on the diffusion of ISO 14000, moderated though by economic development. It has been also demonstrated that managers have already established a link between public awareness about CSR and SD issues and firms’ reputation – forcing them to consider socially responsible practices [1]. Undoubtedly, CSR and SD awareness is growing – judging from the increasing coverage in academic journals as well as daily press. Here ISO standards can provide a platform to bring this awareness into the next level. Hence we see the role for ISO CSR and SD standards as educational materials and, consistent with our previous argument, a source of valuable knowledge about CSR and SD.

4.2. ISO standards and power over knowledge

In the previous section we have concluded that ISO standards provide valuable knowledge about CSR and SD. In one of the arguments, we maintained that multi-stakeholder involvement in the development process ensures a high quality output, as represented

by the standards' content. Yet the standards development process inevitably involves politics and the safeguarding of the interests of participating parties. Any standard has to fight for its legitimacy in order to gain wider acceptance. As Pentland [31] states, "in the realm of environmental auditing, accountants must compete with scientists and engineers for the right to define and control relevant knowledge base". How does this competition over the right to define and control knowledge affect ISO standards?

The International Organization for Standardization (ISO) was often criticised for excluding multiple stakeholders from standards development. This criticism was in particular highlighted during the development of ISO 14001 standard for environmental management systems. Ecologia [12] spells out a point of view commonly shared amongst NGOs: that the ISO 14001 standard demonstrates how industry-dominated negotiations within the International Organization for Standardization created a standard that lies in the public realm of interest, but that best reflects the interests of the industry in a simplified standard [12]. Despite this criticism, ISO 14001 became a widely adopted standard for environmental self-regulation in many industries. Hence the industry group, foremost in the development process, has amplified the uptake of the standard and effectively won the "control over knowledge" battle in making the standard the most influential instrument in environmental management.

Following this criticism, the International Organization for Standardization (ISO) strongly proclaims that it strives to maintain the transparency and inclusiveness in the standards-development process. Indeed, ISO 26000 has shown an unprecedented number of participants (the Appendix) previously unseen in a standard development. Castka and Balzarova [7] observed that the participation of diverse stakeholder groups led to a rejection of the philosophy of the environmental management system standard ISO 14001 for the purpose of standardization of social responsibility. Above all, the participants have shown a considerable concern with the *status quo* in the "certification industry" and with the certification approach in general [7]. However, even though the transparency and legitimacy of the development process for ISO 26000 was improved, critics remain unconvinced. For instance, Bowers [3] whilst describing the development process of ISO 26000, observed that many developers seem to participate to protect their positions. Bowers [3] in particular highlights the case of Global Reporting Initiative (GRI) by stating that "GRI, a privately organized and funded NGO that develops standards, is participating, but certainly in part to protect its own interests".

4.3. Certification as a control mechanism

Certification is a critical control mechanism used to ensure firm's compliance with the requirements of various standards – including certifiable ISO standards. Certification should also ensure consistency of the implementation in organizations across the globe hence maintaining the credibility of the standard.

There are a lot of arguments why certification is the right control mechanism. The main argument for certification is that it resolves information asymmetry by certifying the "unobservable" [38]. King and Toffel [25] argue that this is particularly important for experience goods (i.e. product or services whose quality are difficult to observe in advance) and credence goods (i.e. good whose utility impact is difficult to ascertain even after consumption). For instance, they argue that a consumer may never be able to directly ascertain whether the coffee was organic. Furthermore, it is argued that third party certification reduces a number of second party audits in supply chain networks (i.e. the need for the members of a network to audit each other diminishes as the results of third party certification, which can be used by all members of the network to gain information of the compliance of any of the members). Consequently, third party certification simplifies interactions in the network. This is believed to assist geographically dispersed networks and multicultural networks to increase their efficiency and effectiveness as they do not need to extensively audit their suppliers. Certification is also believed to solve the free rider problem by providing a strict set of entry rules. Indeed programs without strict entry rules, robust monitoring (certification) and sanctions mechanisms can adversely attract and select low performers. For instance, King and Lenox [23] argue that participants in a Responsible Care program in the chemical industry were the ones that had tended to pollute more than other firms in the same industry sector. In contrast, some other authors have argued that organizations with ISO 14001 have exhibited superior environmental performance [40].

Despite its positive aspects, there is a growing literature that is strongly critical of certification. Power's [34] in-depth discussion of auditing practice asserts that our society has recently experienced "a movement along the continuum from a society that trusts everything and audits nothing toward a society that trusts nothing and audits everything". Furthermore the opponents of certification also question the effectiveness of this approach. For instance, Pentland [31], whilst reflecting on his previous work, wrote:

In my research on tax auditing, for example, there was a fear that audits could turn good taxpayers into bad ones, and that more intensive auditing might simply push taxpayers to be more secretive (Pentland & Carlile, 1996). It seems likely that whenever the relationship between the principal and agent has an adversarial aspect, auditing could become self-defeating. . . . [From organizational learning perspective], auditing and learning would seem to be complementary, since they share an emphasis on gathering facts and providing feedback. . . . As organizational members strive to conform to the requirements of auditability, they may tend to narrow their perspective. In the worst case, they may become more concerned with generating the right indicators than with actually doing a good job. . . . As a result, it is difficult to say whether more extensive auditing will be good or bad, and for whom.

Indeed many studies investigated the issue of decoupling of stated practices on the one hand and actual behaviour in organizations on the other hand. To do so, the studies have compared adopters⁹ of certified management standards (CMS) and their performance.¹⁰ For instance, Naveh and Marcus [30] demonstrated that there is a difference between implementation of a standard and its daily usage. They have also shown that decoupling of these two stages has an adverse effect on performance. Indeed, Naveh and Marcus's [30] study shows that adopters with internal motivation achieve a distinct operating advantage when they use CMS in daily practice and as a catalyst for change. Yet achieving better operating performance does not necessarily yield better business performance [30]. Martinez-Costa et al. [28] juxtaposed adopters with internal motives and adopters with external motives. Again, the results demonstrate that adopters with internal motives do outperform adopters with external motives – in this case in terms of operating as well as

business performance. These studies suggest that only if adopting organizations are internally motivated, than they perform better than non-adopters. Indeed, organizations that do not target ISO standards as means to internal improvement often drive their implementations in line with Pentland's [31] comment cited earlier; i.e. generating right indicators rather than doing a good job. This has been also reported in the recent in-depth longitudinal study of Balzarova and Castka [2]. Moreover, there is not even a consistent finding in studies that distinguish purely between adopters of CMS and non-adopters (hence overlooking the difference between internal and external motivation for certification). This is evident in the case of ISO 14001. Many authors explored the hypothesis whether there is a difference between environmental performance of adopters and non-adopters – here Toffel [40] supports this hypothesis whilst King et al. [24] argue that there is no distinction between adopters and non-adopters. King et al. [24] concludes that ISO 14001 certification provides information about existence of an environmental management system but does not indicate superior environment performance. Hence the certificate provides only information about organizational performance improvements efforts [24].

The critics also point at the *status quo* of the certification industry and raise concerns about the commercialization of the certification industry itself [7, 27,39,42]. Zuckerman [42] reported concerns of EU officials on this matter a decade ago – before most of the CSR/SD standards were introduced. Recently, Lal [27] has stepped up and repeated a criticism shared by many: that 'very few companies are refused certification' and that 'the certification industry is increasingly a business motivated by profit'.¹¹ Moreover, critics also point out that ISO standards can be misused to raise trade barriers between countries or market places, i.e. organizations can be mandated to achieve certification as a prerequisite to market-entry.¹²

5. Discussion

Should ISO 26000 be a guidance standard or a certifiable standard? To answer this central question in our paper, we have so far reviewed ISO standards for CSR and SD and debated the pros and cons of certification.

⁹Research studies typically compare adopters versus non-adopters or distinguish between 3 groups of organizations: adopters with internal motives, adopters with external motives and non-adopters.

¹⁰Various studies use different indicators of "performance". Typically the following performance measures are used: operating performance (lower defect rates; reduced cost of quality, higher productivity, on time delivery [30]); business performance (growth in annual sales; long-run stock price; improvement in annual gross profit margins [30]); environmental performance (deviation between observed and predicted waste generation given facility's size and industry sector [24]). This paper follows these definitions whilst discussing operating, business or environmental performance.

¹¹Similar criticisms of the overall accounting and auditing 'profession' are widespread.

¹²Based on personal conversations with several nominated experts of ISO/TMB/WG SR from developing countries.

We argued that certification helps the global diffusion of ISO standards.¹³ Certification can also assist organizations, supply chains networks and consumers in their choices when information asymmetry or a need for second party audits exists. We furthermore revealed that some studies concluded that adopters of certified standards do outperform non-adopters, for instance in their environmental performance. Yet at the same time, we have debated some serious drawbacks of certification: inconclusiveness in findings whether adopters actually do outperform non-adopters, an undesirable focus on compliance rather than on performance in many organizations and using certification to raise trade barriers and execute power in global networks. This debate let us to conclude that ISO 26000 should be designed as a guidance standard. The following paragraphs explain this position in more detail.

Academic studies as well as the experience of many practitioners suggest that there is not a clear linkage between certification and organizational performance. Even if organizations with internal motivations appear to be high performers, there is still a large pool of low performers (typically externally motivated) that can use (or misuse) ISO 26000 certificate to legitimize their “CSR adoption-for-appearance” without actually doing a good job. Given the wide criticism of many PR approaches to CSR, this would undoubtedly present a high risk for ISO standards in general.

Poor implementations of ISO 26000 can be furthermore amplified by a coercive pressure from certification industry. Indeed ISO 26000 can be easily misused by certification bodies and an army of their auditors. Undoubtedly, it would be in their interest to promote certification in this area and to work with influential networks that would adopt ISO 26000 to coerce others in this uptake. But whether this mechanism would lead to an authentic uptake of ISO 26000 and better CSR in organizations remains questionable.

If ISO 26000 were to diffuse widely due to coercion, another question is whether certification bodies will be able to find enough competence amongst their auditors to assist in an authentic uptake of ISO 26000. Again, this is doubtful. The experience with other certifiable standard confirms that it is difficult to find auditing competence even in less complicated areas such as quality management and ISO 9000 [13] not to mention the fundamental area of financial reporting. ISO 26000

is truly a holistic standard – encompassing the environment, social issues, health and safety, emission and many more (see Section “ISO Standards for CSR and SD” in this paper). Even if certification bodies could develop competences in industries and along core CSR issues, this would undoubtedly take time and enormous resources.

The problem is, though, that guidance standards do not enjoy comparable uptake with certifiable standards. It seems that for managers “certification” is the key word – otherwise managers do not seem to be interested in ISO standards. Indeed certification often gives a manager in charge recognition and a reward for achieving a certificate. Guidance documents can hardly provide the same and therefore managers are not really interested in ISO guidance standards [4,20]. This presents a challenge for the International Organization for Standardization: to find a way to promote ISO standards as educational and reference documents. It seems that the work by ISO Working Group on Social Responsibility is aiming to do exactly that [18].

In conclusion, ISO 26000 as a guidance standard can certainly assist organizations to implement more authentic CSR without the coercive pressures of certification. Even though certification seems to be avoided for ISO 26000, further research as well as improvements in the certification industry will be needed for the sake of other certifiable standards. Namely, further research should continue to investigate the linkage between certification and performance (operational/environmental/social & financial). It would be useful to keep the distinction between “adopters-for-appearance” (externally motivated organizations) and “authentic-adopters” (internally motivated organizations) and to compare their performance to non-adopters. Other certifications (such as SA8000 or AA1000) could serve as useful studies as well. In the practitioners’ world, further pressure should be also exerted on the improvement auditors’ competence, surveillance mechanisms, sanction measures or harmonization of behaviours of the Accreditation Bodies [39]. These improvements will be important for CSR as well because some specific areas of CSR/SD standards will require global certification. We foresee that this will be desirable mainly for CSR/SD *issue specific* standards (see Fig. 2 and Table 1) not for ISO 26000 itself. For instance, verification of GHG emissions (ISO 14064) will certainly be needed – especially given the introduction of Emissions Trading Schemes.

¹³Indeed, ISO/Survey [17] has reported 897,866 certified organizations against ISO 9001 in 170 economies and 129,199 ISO 14001 certified organizations in 140 economies.

6. Conclusion

Over the years ISO standards and self-regulation have become an influential force to address CSR and SD issues in organizations. In this paper, we have provided a review of ISO standards related to CSR and SD. We have specifically focused on ISO 26000 guidance standard for Social Responsibility and discussed whether the standard should be certifiable standard or a guidance standard. We have concluded that ISO 26000 should be a guidance standard and maintained that ISO standards in general can contribute to the diffusion of knowledge and the raising of awareness about core CSR and SD issues, including human rights, fair operation practices or GHG emissions. Yet one cannot expect that ISO standards alone will solve global social and environmental problems. All of these standards (and the entire CSR agenda in fact) are rather organization-centric. This seems to be the key problem with CSR: CSR argues for a win–win approach for a firm and society; yet it highlights areas where this can be achieved (or is desired by powerful interests) whilst remaining silent where it cannot. As Singer [35] in this very issue writes: “at the level of enterprise strategy, CSR has broadly endorsed government-business partnerships although it has been silent or conservative on areas like competition policy, the regulation of monopoly and the ethics of taxation and wealth distribution in winner-take-most markets”. Hence, ISO standards can contribute to the uptake of CSR practices yet its limited scope and organization-centric focus has to be recognized.

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We would like to acknowledge helpful suggestions from Alan E. Singer during the revision process of this paper.

APPENDIX. A list of participants in ISO 26000 development

As in April 2006, 53 countries have participated in the development of ISO 26000. On top of that the following liaison organizations have nominated their experts: African Institute of Corporate Citizenship, Centre for Corporate Social Responsibility, Consumers International, European Commission, Ecologists Linked for Organizing Grassroots Initiatives and

Action, Foundation & Ethical Investment Research Services Ltd., Ethos Institute, Forum Impresa, Global Reporting Initiative, Institute for Energy and Environment of the French speaking countries, International Chamber of Commerce, International Confederation of Free Trade Unions, International Council of Mining and Metals, International Federation of Standards Users, International Institute of Environment and Development, International Institute for Sustainable Development, International Labour Organization, Inter American CSR Network, International Organization of Employers, International Petroleum Industry Environmental Conservation Association, International Social and Environmental Accreditation and Labelling, Organization for Economic Cooperation and Development, International Association of Oil and Gas Producers, Red Puentes, Social Accountability International, Transparency International, United Nation Division for Sustainable Development, United Nations Conference on Trade and Development, UN Global Compact, United Nations Industrial Development Organization, World Business Council on Sustainable Development, World Health Organization.

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