



APPOINTMENTS

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ISO 26000 - Leadership or Stewardship Issues?

By Ben Manickam

What is ISO 26000?

Businesses in Sri Lanka are well acquainted with ISO 9001 on quality management and ISO 14001 on environmental management. The media regularly highlights organizations proudly displaying ISO awards received from Det Norske Veritas (DNV), often cited as being the "first" in a given sector to receive ISO certification. The recent emphasis on World Standards Day and the National Quality Week in October, the green month campaign (October 15th - November 15th) are laudable efforts to create awareness on quality and environmental management, and now there is word about ISO 26000 to be launched in the near future. For the uninitiated - ISO 26000 is the standard providing voluntary guidance on Social Responsibility.

Corporate Social Responsibility (CSR) has been expressed in various ways by businesses in Sri Lanka - schools are built, scholarships provided, water and rural electrification schemes are initiated, eco-friendly projects launched, employees and their families trained to 'go beyond' in preparation for life etc... CSR also involves maintaining labor



standards, fair wages and human rights at work.

ISO 26000 or simply ISO SR is the latest in global standard guidelines initiated by the ISO working group on Social Responsibility (WG SR) for developing the international guidance standard for ISO 26000. Its primary objective is widespread mutual understanding and guidance on Social Responsibility concepts and implementations, subsequently mainstreaming SR practices using a world-wide standards system. Handled well, ISO 26000 could enhance the business-society agenda in Sri Lanka by adding value to existing SR initiatives and raising the bar for socially responsible performance. Handled badly, it could create an artificial squeeze on small businesses aspiring to 'meet the standard' and may end up as the proverbial curate's egg.

Stephen Green, the former chairman of HSBC in his book Good Value: reflections on money, morality and an uncertain world echoes the spirit of ISO 26000 in urging organizations to move beyond profits, enlightened self interests, and contractual ethics (helping those who reciprocate our help). Green urges organizations to set their eyes on 'sustainable value maximisation' - ventures with the greater common good in mind.

Profit Making agendas and CSR

Numerous debates have emerged around the question of whether CSR ought to be voluntary or not, especially regarding growing ecological challenges and the enforcement of labour standards and basic human rights. Critics suggest that the role of the private sector is defined purely through production and profit-maximisation, generally assuming that only governments should take care of social and environmental issues through efficient policy frameworks and mechanisms. However in today's borderless world and boundaryless organizations (Dave Ulrich, 2002), profit making agendas can and do have a greater impact on human welfare and the milieu, than most legislative decisions. It is believed that of the top 100 economic entities, less than half are countries. Therefore it is an undeniable fact that business is driving globalization, and is the primary catalyst for economic growth, job creation and public revenues that pay for national development programmes.

Whatever the socio-economic context, businesses have become the indispensable means for providing the living conditions that each of our human societies has attained, and grown to expect. However the production and sale of goods and services also produces insidious side-effects and it should come as no surprise that CSR has



grown to become a mechanism to curtail these side-effects of profit making agendas.

Growing need for CSR

As consumers' perceptions of companies are determined as much by a company's social and environmental practices as by its product brands, concerns as to how companies produce their goods and services is on the rise, and rightly so. The work of Daniel Goleman on Ecological Intelligence - highlighting the hidden impact of what we buy on environment and societal health, the BBC documentary Blood Diamonds depicting the human price of diamonds from Sierra Leone, the work of Prof. Dara O'Rourke - who created GoodGuide to evaluate products, providing rigorous and comprehensive information

for the consumers benefit, are some of the noteworthy examples that have served to increase consumer awareness in this area.

Reading through Steven Hiatt's A Game as Old as Empire - the Secret World of Economic Hit Men and the Web of Global Corruption, one is confronted with the sobering reality that establishing socially responsible businesses is a long, complicated journey fraught with many challenges and no easy solutions. For instance, Hiatt highlights the abuse of tens of thousands of Congolese women by gangs seeking the lowest price for Coltan (the metallic ore used in the production of semiconductor), so that consumers worldwide have lower prices on cell phones and laptops. South Asia has her own stories of abuse in the name of production and performance. The task may be daunting but ISO 26000 presents organizations with an unprecedented opportunity to begin to move in the right direction.

Do we need ISO 26000 now?

Establishing standards involve costs to organizations in the form of compliance and oversight. Implementing ISO 26000 is no different. Given the economic implications to businesses in adopting ISO 26000, one may ask, if we need ISO 26000 now - especially when the economy is just beginning to turn around.

Western multinational companies are capable of investment, innovation, and reporting for CSR, because they have been exposed to the CSR movement for longer than we have. Thus organizations in developing countries run the risk of being disadvantaged under the ISO 26000 regime. Although it is a "voluntary" standard, if companies from developed nations make it a requirement for their transactions, most companies from developing nations, as "vendors" would have to accept it. Thus businesses must internalize the ISO 26000 norms so that they are "CSR ready", rather than dealing with them whenever a situation arises. The costs for CSR will not hinder a company's competitiveness; rather, CSR is likely to strengthen competitiveness in the long term. The brand that will prevail in the fierce global competition must have a brand power built upon consumers' trust. The best way to build that trust and to become the product of consumers' choice is to create an image as a socially responsible company. Given that scenario, CSR may actually be perceived as an entry barrier built by leading companies.

Taking ISO 26000 Forward - Leadership or Stewardship?

As with the implementation of any management system, the support of top leadership is vital if ISO 26000 is to have the desired organizational and social impact. However, unlike other standards ISO 26000 touches the very soul of the organization and its understanding of people. Therefore, an ISO 26000 policy crafted by top management only, defeats, right at the outset, the spirit of ownership and responsibility.

While ISO 26000 provides an excellent benchmark, if viewed merely as a benchmark it can become an instrument of coercion and compliance and eventually become an end in itself. Implementing ISO 26000 calls for more than good leadership. It calls for Stewardship. No wonder that Peter Block in his work Stewardship, challenges us to replace Leadership with Stewardship and Partnership. Stewardship is about managing organizations with a strong sense of ownership and responsibility that prevails across the entire organization; it is about affirming our choice for service over self-interest. And when we choose service over self interest we say we are willing to be deeply accountable without choosing to control the world around us. This requires a level of trust that we are not used to holding. Leadership then needs to be seen as both a relationship and a process through which the organizations exercise stewardship.

Organizations led by Transformational Servant Leaders will naturally reflect socially responsible values and practices, not because of external demands or standards, but because seeking the inner needs of the people in the organization and the community flows from the "True North" (Bill George, 2007) or the moral compass of these leaders. Transformational Servant Leaders encourage self realization and transcendence of limitations. Employees need to know their labour is doing more good than just increasing the company's share price. Tom Peters captured this clearly not too long ago in his work In Search of Excellence, "we desperately need meaning in our lives and will sacrifice a great deal to institutions that will provide meaning for us". Stewardship, argues Block, can help discover that meaning at work. Handled well, ISO 26000 provides a wonderful opportunity for organizations to discover their "Raison d'être" and to engage in sustainable value maximization.

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