



# Study Regarding the Implementation and Certification of a Social Responsibility Management System by Worldwide Enterprises

Ionela Carmen PIRNEA \*

## ARTICLE INFO

### Article history:

Accepted April 2015

Available online May 2015

### JEL Classification

M14

### Keywords:

Social responsibility, Sustainability, SA 8000, Certification

## ABSTRACT

The objective of this paper is to highlight the current stage of implementation and certification of a corporate social responsibility management system in worldwide enterprises. To achieve the objective the author conducted a study based on official data regarding the certification of a corporate social responsibility management system in worldwide enterprises. Research results reveals that worldwide, only 22 certification bodies are accredited and allowed to work on certification of management systems in conformity with the requirements of international standard SA 8000. Also the research results shown that the certification and implementation of a social responsibility management system in the last 15 years has increased significantly, from 8 facilities certified in 1998 to 3254 organizations in 2013.

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## 1. Introduction

Recent years are marked by major changes on the relationship between business and society. The main factors which catalyze these changes are globalization, environmental changes in public policies, strategies to increase competitiveness, focusing on the image and strengthen relations with other stakeholders.

More and more companies are starting to realize that they can contribute to sustainable development by increasing competitiveness while ensuring environmental protection and promoting social responsibility, including the protection of consumer interests (Sheehan et al., 2014).

Corporate social responsibility is a concept increasingly present in the global business environment. The main factors in this process are multinational companies that continue to shift their organizational culture at the local level. The market is becoming more competitive and players have quickly discovered the potential size of social responsibility in building the image and strengthen their reputation (Pirnea et al., 2011)

"Responsible action" refers to the economic success of an organization, integrating social and environmental issues in its processes so that the organization can properly manage processes impact on the environment and contribute to solving community problems as a whole. In other words, such activities involve customer requirements, but also meet the expectations of other stakeholders - the organization's staff, business partners, community as a whole (Olaru et al., 2010; Pirnea and Iordache, 2013; Pirnea, 2015)

It is important that businesses, regardless of their size, to adopt strategies based on social responsibility. One of the benefits of adopting such a strategy is to develop decisions and actions to allow realistic planning of objectives, better use of human and financial resources and exploiting existing opportunities, trying to overcome efforts to survive in the market. Also, enterprises and this time, in particular, SMEs should develop its action in the relations with all stakeholders, which often is quite restricted. Moreover, in the case of SMEs, they should move from a tacit expression to a formal adoption of practices based on social responsibility, overcoming cultural and social barriers (Olaru et al., 2011)

Taking into account these considerations, the objectives of this paper are:

- ◆ to highlight the importance of the corporate social responsibility in the worldwide enterprises in close relation with the implementation and certification of a corporate social responsibility management system;
- ◆ to analyse the current stage of implementation and certification of a corporate social responsibility management system in worldwide enterprises.

To achieve the first objective, the author has developed a theoretical research based on literature review regarding the corporate social responsibility in the worldwide enterprises in close relation with the implementation and certification of a corporate social responsibility management system.

\* Constantin Brancoveanu University, Ramnicu-Valcea, Romania. E-mail address [pirneacarmen@gmail.com](mailto:pirneacarmen@gmail.com), (I.C. Pirnea)

To achieve the second objective, the author conducted a study based on official data regarding the certification of a corporate social responsibility management system in worldwide enterprises.

## **2. Research methodology**

To achieve the first objective, namely to highlight the importance of the corporate social responsibility in the worldwide enterprises in close relation with the implementation and certification of a corporate social responsibility management system – the author has analysed some theoretical considerations regarding the importance of corporate social responsibility in enterprises and also the importance of corporate social responsibility management system.

To achieve the second objective – namely to analyse the current stage of implementation and certification of a corporate social responsibility management system in worldwide enterprises, the author conducted a study based on official data regarding the certification of a corporate social responsibility management system in worldwide enterprises.

This research was conducted within the project "Excellence in scientific interdisciplinary research, doctoral and postdoctoral, in the economic, social and medical fields -EXCELIS", project number POSDRU/159/1.5/S/138907, coordinator The Bucharest University of Economic Studies

## **3. Research results regarding the importance of the corporate social responsibility in the worldwide enterprises in close relation with the implementation and certification of a corporate social responsibility management system**

In the present context, a growing number more businesses find that, in a highly competitive environment, the policy of maximizing short-term profits are no longer a guarantee of success and that such a policy must be accompanied by socially responsible behavior. Thus an enterprise that pursues its economic activity responsibly considers not only customer satisfaction but also the interests of shareholders and other stakeholders, namely the social and environmental impact of its actions. Such an attitude may ensure long-term competitiveness and business environment may be contributing to sustainable development (Maxim, 2005/2006).

Social Responsibility (Corporate Social Responsibility - CSR) is defined as an undertaking action to promote social interests ahead of strictly economic interesting elements and outside the legislative requests (Orlitzky et al., 2003).

CSR model proposed by Carroll and Buchholtz (2006) states that four kinds of social responsibility constitute total CSR: economic, legal, ethical and philanthropic.

World Business Council for Sustainable Development (WBCSD) defines CSR as "the permanent commitment of business to behave ethically and contribute to economic development while improving both quality of life for employees and their families, and local communities and society as a whole".

Green Paper defines CSR as "a concept whereby companies integrate voluntarily, social action and environmental protection in their daily activities and relationships with stakeholders (stakeholders)," acknowledging that responsible behavior leads to lasting success in business.

Thus social responsibility actions are those that go beyond the obligations it has under the regulations applicable to the company (social and environmental), in order to be perceived as a supporter of private interest.

Social responsibility can be defined as an ongoing and dynamic process of harmonization and balance the interests of various groups and their roles in relation to and in furtherance of the common good (Miron et al., 2011).

It stressed that the communique to relaunch the Lisbon Strategy, the European Commission deals with the concept of social responsibility as part of competitiveness. Thus "voluntary industry initiatives, the form of practices related to social responsibility, can have a vital contribution to sustainable development, while strengthening the potential for innovation and competitiveness of Europe."

CSR is based on a long-term strategy that includes various activities, such as volunteering, sponsorships, donations, benefits, expertise.

For the enterprises of all sizes place social responsibility may be an added value for both the organization and society. Social responsibility is perceived differently in the SME sector compared to larger firms (Iordache and Rizea, 2010).

Social responsibility has the following main features (Stancu and Orzan, 2007):

- ◆ its application is voluntary;
- ◆ reflects the company's relationships with various stakeholders (staff, customers, local communities, government and non-governmental organizations);
- ◆ involves aspects of environmental protection, not only social aspects;
- ◆ is not separate from the company's strategy and business activities but rather an integral part of it.

Currently, it attaches particular importance to the social responsibility of the enterprise, closely related to sustainable development. At international level are defined specific models of management systems, a number

of companies prefer integrating social responsibility management system (SMRS) (Olaru et al, 2010; Olaru et al, 2011).

The advantage of SA 8000 standard is that it establishes a unitary framework for codes of conduct, and defines requirements that can be objectively verified through certification audit of SMRS.

Designing and implementing a SMRS is much easier for organizations that have implemented a management system (preferably in health and safety at work, and also in the quality and environment), due to the existence of a managerial framework for action and the possibility of integrating elements SMRS with existing management systems (Tabel 1).

**Table 1 Benefits of implementing a social responsibility management system according to the standard SA 8000**

No. crt.	Benefits for the enterprise	Benefits for employees
1.	winning reliable partners	better working conditions
2.	improve company image	decrease risks of accidents at work
3.	increasing competitiveness	a better knowledge to the rights of employees
4.	decrease staff turnover	a better communication with management
5.	participation in tenders	a level of remuneration corresponding to the work

Source: made by author after <http://www.valmanprest.ro/responsabilitate.php>, accessed in April 2015

SA 8000 standard is the first social implications aimed at improving working conditions, based on international norms on human rights, established by the ILO Conventions, the UN Convention of the Rights of the Child and the Universal Declaration of Human Rights.

SA 8000 is a voluntary standard that can be applied to companies interested in auditing and certifying their management system of social responsibility and in collaboration with suppliers and partners who want to demonstrate that they have concerns in this regard.

The main purpose of the SA 8000 standard consists in guaranteeing to the customer, that product, containing the appropriate label, has been made in organization which provides the mentioned social guarantees in accordance with international legal acts and the supplier's activities also meet these requirements (Rajabzadeh, 2013).

To support businesses seeking to implement a management system of social responsibility, the International Standards Organization (ISO) decided to develop an international standard ISO 26000 on social responsibility represents a best practice guide that it can organizations who take social responsibility programs (Figure 1).



Figure 1 Basic principles promoted by the international standard ISO 26000  
(Source: made by author after ISO 26000 – Social responsibility, October 15, 2011, [http://www.workplacefairness.ca/wfi\\_international.html](http://www.workplacefairness.ca/wfi_international.html), accessed in April 2015)

Therefore, this International Standard will not be a useful standard for auditing and certification of social responsibility management system.

International Standard ISO 26000 aims to:

- ◆ provide practical guidance on operationalizing social responsibility, identifying and engaging stakeholders and increasing the credibility of reports and evidence of social responsibility;
- ◆ highlight the results to improve performance in this area;
- ◆ help businesses wishing to take social responsibilities to meet cultural conditions, environmental, social, legal, and those of economic development;
- ◆ promote a common terminology and a broader awareness of how social responsibility;
- ◆ increase the trust and satisfaction of customers and other interested parties to these enterprises.

International Standard ISO 26000 can be used by any company, both in the public and private sectors, providing support businesses in their efforts to operate responsibly in business.

#### 4. Research results regarding the current stage of implementation and certification of a corporate social responsibility management system in worldwide enterprises

Regarding the analyses of the current stage of implementation and certification of a corporate social responsibility management system in worldwide enterprises, the author conducted a study based on official data available on the SAAS website.

SAAS, namely Social Accountability Accreditation Services is the only global accreditation body that support implementation of social and labor standards. SAAS promotes human rights in the workplace by providing a quality assurance framework, linking social standards and codes of conduct to auditing bodies, individual enterprises and stakeholders concerned about labor conditions.

SAAS activities support the improvement of workplace environments through implementation of social responsibility, accountability and transparency in businesses and organizations. SAAS evaluates auditing organizations to assure they are qualified to hold their clients accountable to social standards.

According to the data available on the website of SAAS regarding the organizations that have already certified SA 8000, the author present below the following analysis.

The last update of the SA 8000 certified is from September 30, 2014. The data regarding the certification of a social responsibility management system is updated two times on year, namely on September 30 and March 31.

According to SAAS (2014), only 22 certification bodies are accredited and allowed to work on certification of management systems in conformity with the requirements of international standard SA 8000. Some of them, namely 9 certification bodies are also present in Romania such as Bureau Veritas Certification (44 - SA 8000 certificates), CISE (2 - SA 8000 certificates), DNV (2 - SA 8000 certificates), GblobalGROUP of Companies Limited (5 - SA 8000 certificates), Intertek (70 - SA 8000 certificates), IQNet Ltd. (1 - SA 8000 certificates), LRQA (20 - SA 8000 certificates), RINA (2 - SA 8000 certificates) and TUV Nord (1 - SA 8000 certificates).

Available information on September 30, 2014 according to SAAS indicates that only 3.400 organizations from 74 countries in the world have successfully executed the whole certification process of the management system in conformity with SA 8000 (see Table 2)

**Tabel 2 Summary statistics on SA 8000 certified facility details**

Total	
Number of Employees	1,905,898
Certified Facilities	3,400
Countries represented	74
Industries represented	65

Source: <http://www.saasaccreditation.org/>

According to SAAS (2014), there are a number of 65 industries represented from 74 countries in the world whose companies, namely 3,400, have implemented at the end of September 2014, a social responsibility management system according to SA 8000 standard. Also be noted that in all these companies that have been implemented a social responsibility management system are working no more than 1,905,898 employees.

Most of the certified facilities are granted to small and medium enterprises, with less than 250 workers employed, namely 65%, as it can be seen in Table 3.

**Tabel 3 Certified Facilities (by size)**

Workers Employed	Number of Facilities	% Total
1-50	964	28%
51-250	1242	37%
251-1000	760	22%
>1000	394	12%

Source: <http://www.saasaccreditation.org/>

Regarding the number of Facility employees clasified by country, it can be seen in Figure 2, that the first five places are occupied by India, China, Italy, Brazil and Pakistan with more the 50% of the total number of facility employees worldwide.

Figure 3 present the facility employees, by industry and we can see that the first place is occupied by the Apparel industry, followed by Textiles and Metal Products.

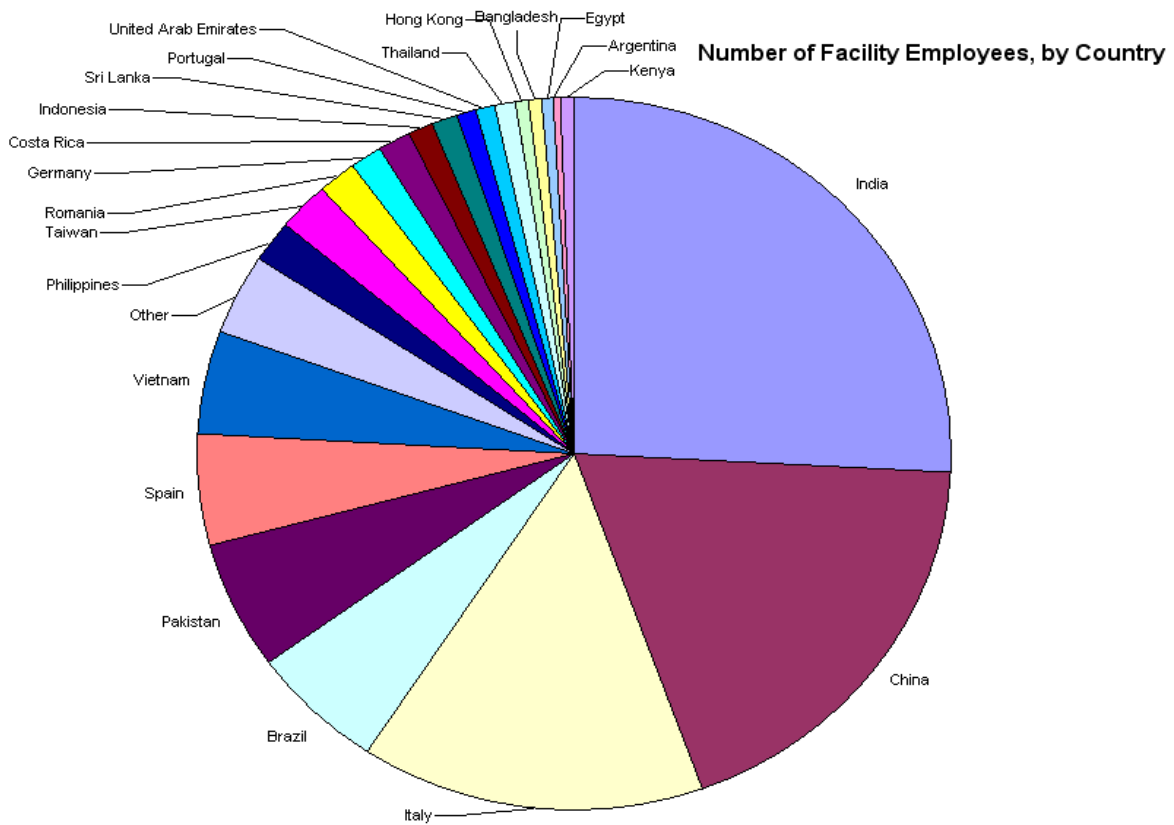


Figure 2 Number of Facility Employees by country  
 Source: <http://www.saasaccreditation.org/>

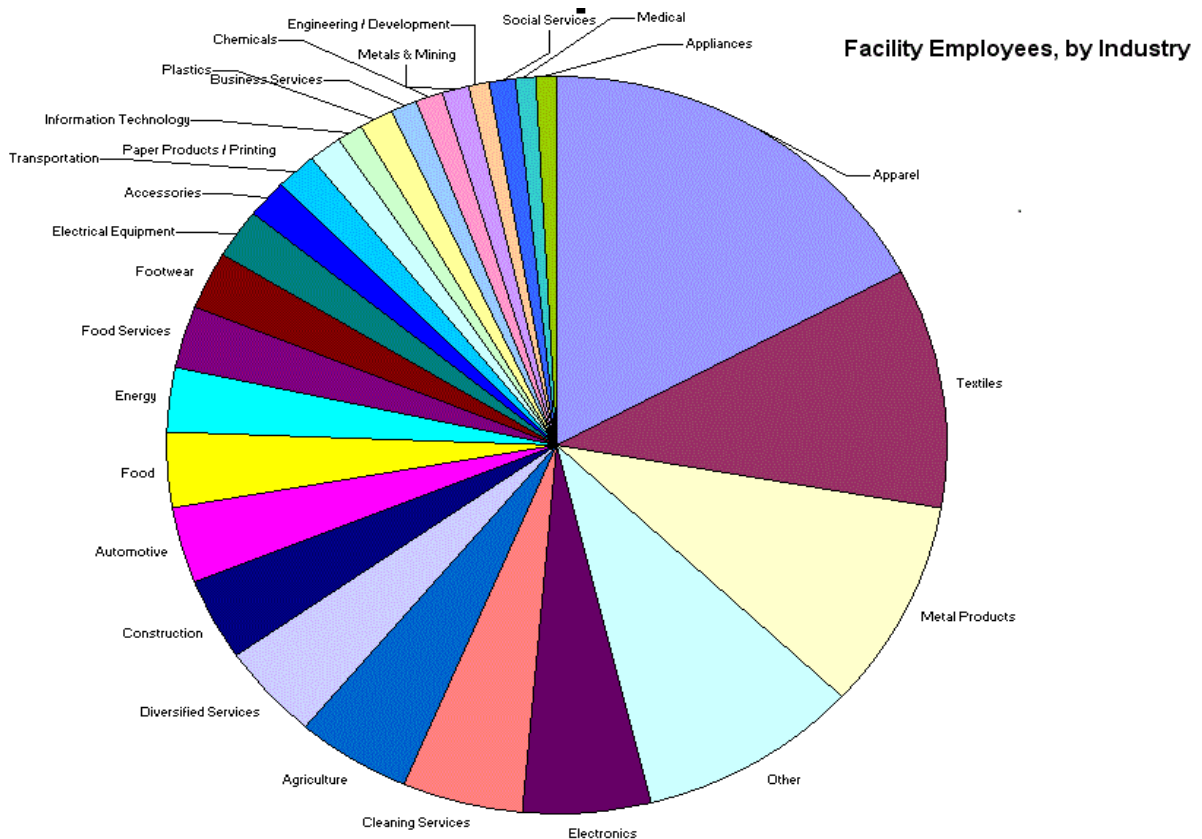


Figure 3 Number of Facility Employees by industry  
 Source: <http://www.saasaccreditation.org/>

An analysis of the certification and implementation of a social responsibility management system in the last 15 years, shows that, every year the number of facilities certified has increased significantly. If in 1998

there were only 8 facilities certified, in 2013 were 3254 organizations that have obtained a certificate of compliance with the SA 8000 international standard (Figure 4).

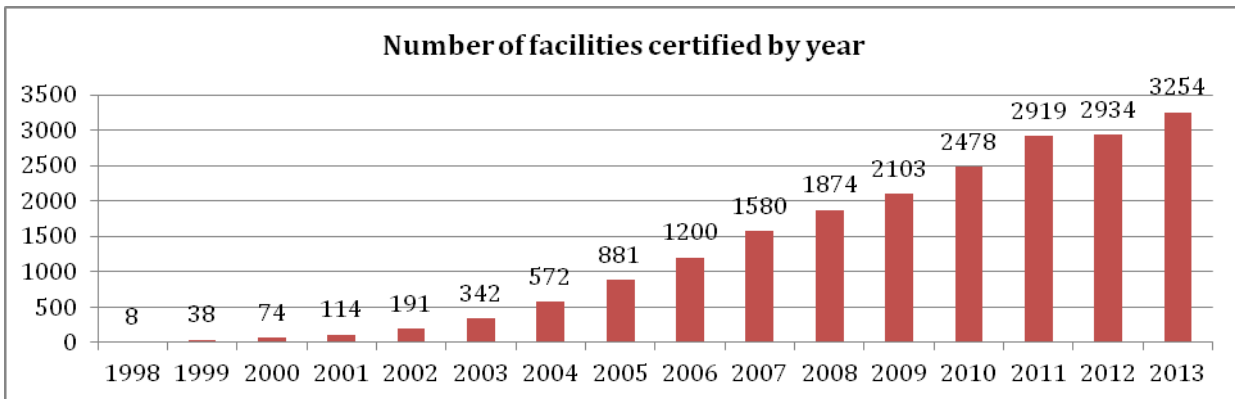


Figure 4 The evolution of the number of facilities certified according to SA 8000 standard between 1998 to 2013, worldwide

Source: data processed by author after <http://www.saasaccreditation.org/>

Figure 5 present the evolution of the number of countries represented by year, by organizations that have obtained a certificate of compliance with the SA 8000 international standard. As we have seen in Figure 2 , in 1998 only 8 organizations have obtained a certificate of compliance with the SA 8000 international standard and these 8 organizations are from 3 countries according to the figure below.



Figure 5 The evolution of the number of the number of countries between 1998 to 2013, worldwide

Source: data processed by author after <http://www.saasaccreditation.org/>

Regarding the number of industries which have a certificate of compliance with the SA 8000 international standard it can be seen in Figure 6 that it's start from 3 industries in 1998 and reach to 65 in 2013.



Figure 6 The evolution of the number of industries between 1998 to 2013, worldwide

Source: data processed by author after <http://www.saasaccreditation.org/>

Globally, Romania ranks 4<sup>th</sup> in terms of the number of organizations that have implemented and certified a social responsibility management system according to SA 8000 standard as it can be seen in Figure 7, after Italy, India and China.

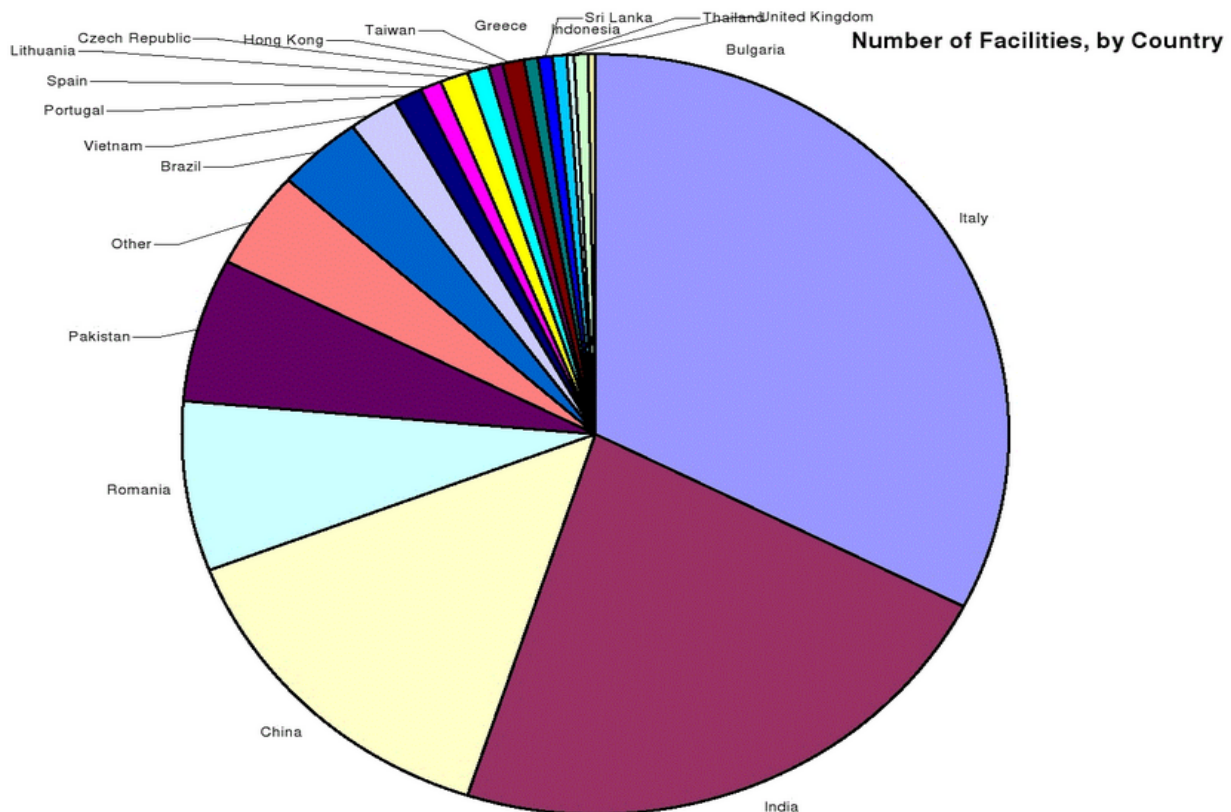


Figure 7 Certified Facilities by country  
Source: <http://www.saasaccreditation.org/>

Regarding Romania, we can say that companies have begun to realize the importance and advantages of social responsibility in close contact with more substantial concerns regarding the implementation of integrated management systems quality - environment - health and safety, respectively implementation concerns model of social responsibility management system proposed by the international standard SA 8000.

The effects of the implementation and certification of a social responsibility management system can be viewed from the perspective of the overall enterprise and its customers. Thus, in terms of customers, the effects could be the following (Lii, 2011):

- whether the enterprise has already implemented procedures to monitor the sale of goods and services under the brand name company according to customer expectations, the certification will significantly reduce monitoring costs;
- the implementation of such a standard will give customers greater confidence about making products and services company in a work environment that is fair and safe.

From the point of view of the effects of implementation and certification of a social responsibility management system could be the following (Macleod, 2008):

- in a business environment in which social issues are becoming increasingly important, SA 8000 may be the chance to win competitive advantage to attract new customers and enter new markets;
- implementing of the SA 8000 standard will significantly reduce the costs of managing social requirements, implementation of this standard represents an opportunity for the enterprise;
- SA 8000 can provide a firm position on the labor market. Transparent engagement with social and ethical standards will help attract the best trained staff in the company, which will be a key success factor in the next millennium;
- the relationship with the company's own employees will improve. This will not only help increase their company's productivity, but will lead to the consolidation of a better long-term customer relationship.

## 5. Conclusions

The results of the research undertaken showed that more and more worldwide enterprises are starting to realize that they can contribute to sustainable development by increasing competitiveness while ensuring

environmental protection and promoting social responsibility, including the protection of consumer interests. Enterprises are given great importance to the social responsibility related to sustainable development.

Also be noted that at international level are defined specific models of management systems, a number of companies prefer integrating social responsibility management system. Designing and implementing a SMRS is much easier for organizations that have implemented a management system (preferably in health and safety at work, and also in the quality and environment),

Research results showed that worldwide, there are only 22 certification bodies are accredited and allowed to work on certification of management systems in conformity with the requirements of international standard SA 8000. Available information on September 30, 2014 according to SAAS indicates that only 3.400 organizations from 74 countries in the world have successfully executed the whole certification process of the management system in conformity with SA 8000.

On the other hand, most of the certified facilities are granted to small and medium enterprises, with less than 250 workers employed, namely 65%. Regarding the number of facility employees clasified by country, the research revealed that the first five places are occupied by India, China, Italy, Brazil and Pakistan with more the 50% of the total number of facility employees worldwide.

These results may provide a starting point for future research by expanding the research at national level and make an analysis regarding the implementation stage in Romanian enterprises of a social responsibility management system by industries and size.

### Acknowledgements

This paper was co-financed from the European Social Fund, through the Sectorial Operational Programme Human Resources Development 2007-2013, project number POSDRU/159/1.5/S/138907 "Excellence in scientific interdisciplinary research, doctoral and postdoctoral, in the economic, social and medical fields - EXCELIS", coordinator The Bucharest University of Economic Studies

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