

Social Responsibility as the Basis of Organizational, Economic and Business Success

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Abstract

Economic and social changes in the world, which we see now, bring many people to recognize that there is a need for procedures at different levels, in different sectors and in the existing management cultures. Responsible management and responsible investments are the next procedure. No more domination of traditional thinking, but the relation to topics such as sustainability, social and environmental and economic responsibility, collaboration and dialogue with the stakeholders, responsible diplomatic and political relation, responsible management to responsible investments. Social responsibility and / or social investment are the way how the organization takes into account social, environmental, economic and ethical consideration in order to achieve success and long-term existence (Zichlansky & Nahari, 2012).

In the modern times, social responsibility is an important factor in successful for organizational and business success, and emphasizes transparency, bearing responsibility and accountability of organizations and therefore it is an essential element of culture and in the managerial approach of organizations in general and businesses in particular (Tal Spiro, 2011).

This article will review what the standard of social responsibility is and what the meaning of it in current organizations management.

Keywords: responsibility, social responsibility, performance, business success, success, transparency, accountability.

Social Responsibility

Social responsibility (Social Responsibility, SR) is an approach that takes into account social, ethical, environmental and economic considerations during management and decision-making in the organization. Organizations worldwide, and their stakeholders, reveal a growing

awareness for the need of management of social responsibility and the benefits of such management of such can provide. Organizations and companies in developed countries, and also developing countries, have already understood that in the modern era it is impossible to ensure organizational and business success without the similar ensuring of social and environmental success. As a result, the approach of social responsibility achieves a central place in the organizational culture of organizations from different sectors and of different sizes (Zichlansky & Nahari, 2012).

This standard recognizes the need of business organizations to strive for short-term and long-term financial success. The basis of this perception is that there is a mutual dependence between social performance of the organization and its financial performance, and therefore, the guidelines of it are designed in the way that enables their integration in the organization and they are intended to achieve financial success (Tal-Spiro, 2011).

The importance of the standard is in the standards beyond compliance to the law; the standard is designed to encourage various organizations to accept a commitment to the issue of social responsibility. The guidelines of it are based on an extensive variety of relevant international and Israeli rules and standards, and it is not intended to replace them, but to provide a comprehensive framework for determining the strategy and the policy in various fields of social responsibility.

This standard includes explained the basic components of the field social responsibility, which are framework for social and responsible activity which can assist to the organization to examine itself and to act on the basis of the framework that was designed. This standard also includes practical suggestions about how to relate to the topics of social responsibility, and contains details of the steps and the measures that the organization should follow and to act according orderly and in the structured way towards effective management of social responsibility.

The standard of the guidelines assumes that the organization is committed to be familiar at the best way with the legal environment in which it acts and to obey to the laws regarding it, but considers the existence of laws of as a minimal requirement. The recommendation is to take implement during the realization of social responsibility an approach of "beyond compliance to the law" (beyond compliance), with a commitment to advanced norms (Tal-Spiro, 2011).

In 2013 there was published the latest Israeli standard 10000 Standards of the Institute of Israeli Standards about the topic of social responsibility of organizations and businesses, which is a response to the responsible investment and responsible management. This standard, "Social Responsibility of Organization" (Hereinafter: the Standard) is based on the framework of the international standard – ISO 26000.

The standard describes a system of responsible investment which is based on social responsibility (Social Responsibility, hereinafter: SR) that relates to the issues, opportunities and social, environmental, economic and ethical risks; it provides tools that assist to identify the scope of topics that should be treated in within the framework of social responsibility system; and also provides guidance on the implementation and maintenance of the social responsibility system. This standard is designed to assist to organizations manage social responsibility through the definition of the main issues of the field, construction of appropriate management strategy that will provide a practical framework of social responsibility management, and creation of methods for monitoring and improving the management of the social responsibility over the time (Zichlansky and Nahari, 2012).

The Main Principles of Revision: a. adding of the possibility of obtaining certification for social responsible management system. b. Adding of table of measures in order to test the level of maturity of the organization in the management of social responsibility – it is a tool for examining the maturity level of the key characteristics of social responsibility management system, it is designed to assist to prepare to the implementation of social responsibility management system in the organization. The standard is applicable for organizations of all size or category, and it can included or integrated with other management systems, such as quality management system, environmental management system, financial management system, management system of health and safety during the work relationships management system (The Institute of Standards, 2013).

Social responsibility and / or social investment are the way how the organization takes into account social, environmental, economic and ethical consideration in order to achieve success and long-term existence. In the modern times, social responsibility is an important factor in organizational and business success, and therefore it is an essential component of culture and in the managerial approach of organizations in general and businesses in particular.

In the field of social responsibility organizations need a "Guide for the Perplexed ", which means a standard that will assist them to define the issues that require examination, will direct them to construct a correct a strategy for management of social responsibility, will design the methods for monitoring and controlling of their performance, in relation to the objectives and improvements in the issue of management of social responsibility. For this purpose the standard was formulated.

This standard is intended to encourage organizations to adopt a commitment to the issue of social responsibility and also serve as a common framework for definitions, principles and evaluation methods regarding the issue that are related to social responsibility. Its guidelines are based on variety of relevant international and Israeli rules and standards and it is not intended to replace them, but to provide a comprehensive framework for determining the strategy and the policy in various fields of social responsibility.

The standard is formulated with an implementation of a systematic approach to social responsibility, so that it is applicable to organizations of any size or field, and will be able to integrate into management systems and other systems and other, such as quality management system, environmental management system, a financial management system, management of work health and safety management and work relationship system.

As part of this standard there are included practical suggestions about how to relate to the issues of social responsibility, with taking into account the various standards that existing in this context. The standard includes explained basic components of social responsibility, which are a kind of checklist or framework for responsible social activity through which the organization can examine itself and to act on the basis of the designed framework (Tal-Spiro, 2011).

The standard considers the obedience for the laws as a minimal requirement, and assumes that the organization is committed to be familiar at the best way with the legal environment in which it acts and to comply to the laws regarding its. The recommendation is to implement during the realization of social responsibility approach of "beyond compliance to the law" (beyond compliance), with a commitment to advanced norms. The standard recognizes the need of businesses to strive short-term and long-term financial success. The basic perception of it is that there is interdependence between social performance of the organization and its financial

performance, and therefore, the guidelines that are included in it are designed to be integrated in the organization's activities that are aimed to achieve financial success.

It is important to note that the standard is designed for certification (certification) for the interested organizations and management of social responsible system.

Details of the Social Responsibility Standard Principles

The social responsibility standard is standardized by the Institute of Standards (2013) and originally was taken from other international standards (United Nation, 2013). Zichlansky and Nahari (2012) and Tal-Spiro (2011) detail the social responsibility standard:

1. The Organization and the Community

As part of the definition of its social values and its attitude to the social environment in which it acts, the organization will do as much as possible from the following actions: Affirmative Action Policy for the production and services of the region in which it act, economic community developing, including through job creation and affirmative action, preference for social marketing as a way that assists to the community, policy and contributions to the community and volunteering of employees, activation of representatives to cope with social and community issues and striving to develop the relationship between the organization and the community.

2. Working Environment and the Rights of the Employees

The organization is committed to ensure adequate working environment for employees in these fields:

The physical working conditions - compliance to the laws and the international standards on the issues of health and safety and the relevant ergonomics rules, work relationship: employment norms that are characterized by maintaining mutual respect, protection of the rights of employees, non-discrimination and fairness in wages and working conditions, introduction of transparency that will enable to the employees to know how decisions regarding their working conditions and their promotion are made and investment in human and professional resources developing.

3. Human and Civil Rights

Determination of the organization's policy regarding human and civil rights and details of the methods of its implementation, among other things regarding these issues: equal opportunities, non-discrimination and affirmative action for disadvantaged groups of population, prohibition of child labor, prohibition of coercion of working, commitment to human rights, among other things, according to the UN Declaration of Human Rights and providing of importance to the issues of human and civil rights in the organization and in its supply chain.

4. Ecology

The organization will identify, scale and document the environmental effects that stem or may stem from its activities, its products and from the services that it provides, focusing on these issues: use of natural resources: energy, water, land, materials, solid waste and hazardous waste; Waste water and soil pollution; Emissions for air; radiation; noise, use of hazardous materials and environmental emergencies.

According to identifying of its environmental effects, the organization:

- Will identify the environmental legislation that is applied on it and will take the steps that are required in order to fulfill it.
- Will define policy, purposes, objectives and program of saving and prevention of population and environmental risks.
- Will hold management system that will ensure fulfillment of the legislation requirements, sustainable developing and implementation of its environmental program.
- Will examine environmental risks and environmental opportunities, will identify potential for improvement, will determine goals and objectives, will refer to the environmental performance and will report about it.

5. The Product's or the Service's Life Cycle

The organization will identify and manage the effects of its products and services on the stakeholders and on the environment throughout the all life of the product or service – the planning, the production, the distribution, the storage, the use and the end of the product life, including recycling and disposal of unsafe of products, without harming the environment or humans.

6. Marketing and Consumption

Marketing and Consumption: Maintaining of transparency and truth in advertising, avoiding the use of deceptive and unethical techniques of sales and marketing, avoiding false promises in the contracts and in the advertising and avoiding the manipulative turning for children, ensuring accessible information and fair and equal treatment to the all segments of the population in the advertising of the organization, and without impairing the dignity of women and the dignity of minority groups, holding proper control in order to ensure that the organization does not use its power to affect the vulnerable groups of the population through inappropriate advertising or marketing, maintaining the dignity and privacy of the consumers and making of the product and the service accessible.

7. Ethics of Management

Ethics of Management: Formulating of ethical code, with encouragement involvement of employees, will engage among other things with the following issues: definition of procedures for integrity, fairness and mutual respect in the contacts with the stakeholders, refraining from solicitation and bribe or methods of providing gifts and hosting in order to promote business, avoidance from political contributions, transparency in providing information and during relationship with the stakeholders, maintaining the fairness in contracting with agents and distributors, knowing of the laws and customs in the countries in which the organization is active and including a commitment to respect them, business competition management business with maintaining moral, human and social norms, avoidance from industrial espionage or using information about competitors which was achieved in questionable ways, an examination of the use of advertising and marketing according to the principles of fairness, refraining from advertising that may mislead and also maintaining the human dignity of each human.

8. Corporate Governance or Organizational Governance

The principles of corporate governance or organizational governance are a collection of principles and rules that determine how it is proper that organizations will be conducted in the terms of control and monitoring. The directorate or the senior management of the organization should accept themselves the responsibility for the control of the organization in these ways: Determination of clear guidelines regarding proper governance on all its sections, the adoption of a strategic planning process and examining its suitability to the organization once a year, identifying major risks that in the organization actions that are associated with the issues of

social responsibility and implementing of risk management systems, preparation of periodic report on the corporate governance or organizational governance that are associated to social responsibility, determination of rules of communication with shareholders, the investment community and other interested parties concerning transparency and accountability, holding of an internal financial monitoring and management information systems through a committee or direct responsible of the issue, and receiving periodic financial reports and direct reporting from the external accountants, holding of internal structured control in order to maintain maximal transparency of processes and decisions within the organization, considering the topics of social responsibility as part of risk management, monitoring of the treatment to malfunctions of any kind, concluding conclusions and making required changes.

9. Transparency and Accountability

Transparency and accountability mean that the responsibility of the organization to explain its behavior and to bear the consequences of its conduct. In this way the organization shows how much it prepare to disclose the data about its performance and its decision-making and demonstrates its willingness to conduct a real dialogue with regard to the complex of the fields of social responsibilities. As I will expand, transparency and accountability is a democratic principle which is expressed in the business organization and in organizations in general, as an element of that maintains economic stability over the time.

Transparency and Accountability

The term accountability still has no satisfactory interpretation regarding the operational significance in the public sector. Usually accountability is associated as term or principle that relates to a situation in which something goes wrong, when someone tries to determine a reason or to point accusing finger towards the cause of the failure (Cornell, Eining, & Jen-Hwa, 2011). Accountability is defined as awareness of the individual to the responsibility that he/she may have, on the judgments in decision-making processes and / or execution of the decisions that he/she made. Accountability is also perceived as responsibility that can be transferred between intermediate level and junior level (De Haven-Smith & Jenne, 2006). According to Schillemans (2010) accountability is involved in reporting to senior levels in the chain of organizational or bureaucratic management and to the environment in which the role holder acts. In addition,

Cornell, Eining & Jen- Hwa Hu (2011) claim that accountability is perceived explicitly or implicitly, in the terms of reward and punishment. Accountability can be generated from examining of the performance, the results of decisions or courses of action or of the process and the thinking that led to the decision. The purpose of accountability is the obligation of public organizations to serve higher authority - public-trust which is the source of authority of those organizations. It is possible to find standards of accountability in the legal code.

These are the standards that are expressed in clear expectations that public have from its functionaries. This is indirect way to express these expectations in the implicit critique of taxpayers, customers, money contributors, media and other stakeholders. It is possible to define the term accountability as an obligation of the people to give a report about their activities and answers to questions within the framework of their responsibility in their function, to the people who are responsible to the organization (Ylimaki & McClain, 2009). Dubnick (2005) such his predecessors, points out that the term accountability has two main integral components (1) Responsibility and (2) the Ability to Answer Answerability – the ability to answer for any question that is asked by superiors or stakeholders. It is similar to the claim of Romzek & Ingraham (2000) that the most basic meaning of accountability refers to the ability to respond to anyone about the expected performance. Roberts (2002) presents five aspects of accountability in public organizations 1) Transparency 2) reliability and creditability- Liabilit 3) the ability to control - Controllability 4) Responsibility 5) responsiveness.

These data were taken into account in determining of the standard. Through transparency and accountability the organization shows how much it is willing to disclose data about its performance and its method of decision-making about various issues, and in this way it shows its willingness to conduct a real dialogue with regard to the range of areas of social responsibility: for example: a. Formulation of its policy concerning transparency and accountability, the organization will strive to refer in detail for the various stakeholders. b. Formulation of a written policy of transparency and accountability. c. The management levels should be informed regarding informed about these rules in order to avoid blocking of information at any management junctions. d. The organization maintains reliable and trust worthy accountability with maintaining the principles of transparency. e. The organization will strive constantly to

achieve its purposes through dialogue with stakeholders, both in reference to concluding conclusions regarding essential issues and in reference to the depth of dialogue and its patterns.

Summary

Social responsibility of an organization is how the organization takes into account social, environmental, economic and ethical considerations in its activities. In terms of consumer, social responsibility of organizations means that when he/she acquire a product he/she is actually contributes by the purchasing itself to a social organization or to particular social idea, and so he/she does two things - consumption and social contribution. There are many organizations whose purpose is to certify (to confirm) or to provide standard from specific type of for organizations with social responsibility. The basic perception that underlying the social standard is that the obedience to the state laws is the minimal requirement, and the organization has to be familiar the legal environment in which it acts and to obey for it. The recommendation is to implement during the realization of social responsibility, an approach of "beyond compliance to the law", which means a commitment to a more advanced norms than the norms that were determined by the law. In most industrialized advanced countries there was applied the standard of "guidelines for social responsibility of organizations". The standard is based on international standards, laws, international conventions and ethical codes. Its purpose is to highlight the importance of social accountability of organizations as a lever for organizational success. This standard has guidelines for organizations of any size and in any field who are interested in social responsibility system management. The guidelines engage with some topics and core issues that organizations should examine as part of their preparations to improve their social-environmental-economic performance.

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