

## NORMAPME POSITION ON THE PROPOSED GUIDANCE ON SOCIAL RESPONSIBILITY STANDARD ISO 26000

### Who is NORMAPME?

NORMAPME is the European association of SMEs for Standardisation. It is supported financially by the European Commission to represent the interests of SMEs in the area of standardisation. NORMAPME promotes the use of standards by SMEs, however NORMAPME underlines that such standards must be SME friendly and of foreseeable benefit and relevance to SMEs.

### What is ISO 26000?

ISO 26000 is a proposed draft standard for guidance on social responsibility (SR).

NORMAPME has been involved with the ISO Working Group drafting this guidance standard since 2006. NORMAPME has actively contributed to the standardisation work and has made progress in adapting the standard to the needs of SMEs.

In spite of its efforts, NORMAPME is critical of this ISO project and opposes it on the grounds that there needs to be recognition of the specific reality of SMEs as final users of the standard. Obstacles to the application of ISO26000 in SMEs arise in issues such as the volume of the text, its language and tone, and the lack of relevance to small enterprises of all core subjects.

### Drafting of ISO 26000 = Democratic Process?

ISO 26000 drafting process is presented as a democratic process that has implemented a system of **balanced representation of stakeholders**. Experts participating in the standardisation process have been categorised into six stakeholder groups with the view of maintaining a balance among the different categories. These categories are: Industry, Government, Consumer, Labour, NGO and SSRO (i.e. Service, Support, Research and Others)

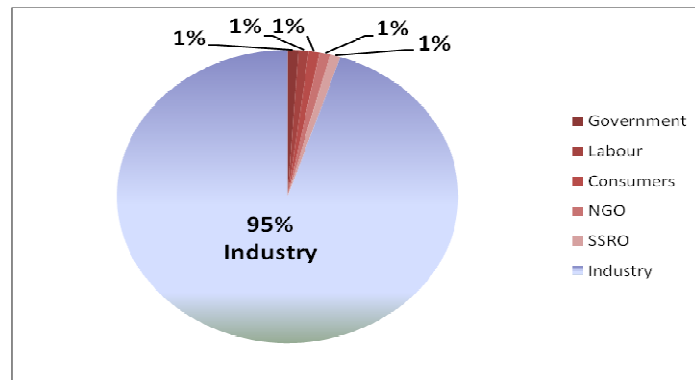
NORMAPME argues that despite its good intentions this process has failed to represent the reality of stakeholders involved in social responsibility and has been misused by some groups with detriment to the majority of its users.

**Firstly**, the six stakeholder groups have been identified without considering SMEs as an independent category different from Industry. This decision was based on the wrong assumption that large enterprises and SMEs can be treated as a single stakeholder having the same needs and concerns. Small enterprises do not have the extent of resources at their disposal as large businesses nor do they operate under the same articulated management structure. Social responsibility requires a different approach from SMEs toward

**Industrial organisations  
represent 95% of all users**

**98% of them are micro,  
small and medium  
organisations!**

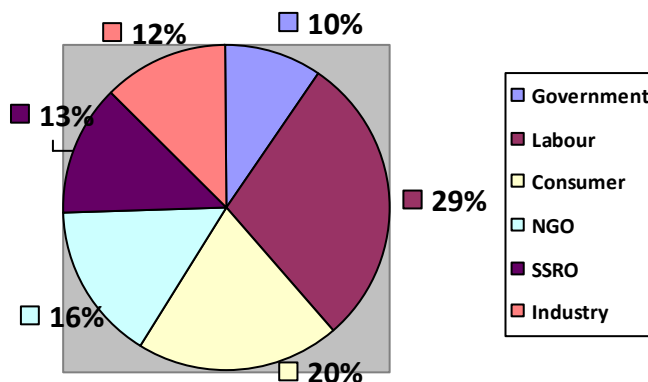
the resolution of SME specific issues which arise as opposed to those of larger multinational enterprises.



In addition, it is worth pointing out that NORMAPME is the only SME representative body which has been involved in the ISO standard drafting process. Hence, the process is entirely undemocratic as regards the participation of SMEs.

**60% of Working Group experts represent 4% of users, and have a say on what 96% of users should follow!**

**Secondly**, stakeholder representation via the national delegations to the ISO SR Working Group is significantly unbalanced; the process is thus rendered undemocratic<sup>1</sup>.



- The chart shows the percentage of representation which is missing in each of the stakeholder group's party to the make-up of each country delegation to the ISO 26000 processes.

In short, only 28 of 81 countries have a representative of the six stakeholder groups allocated to their six person delegation to the ISO working group on social responsibility.

**28 countries = 34.57% complete delegations**

Or put the other way round



**65.43% of delegations to the working group are incomplete and thus not represented democratically**

<sup>1</sup> Quoting an evaluation carried out by Mr. Guido Gürtler, ICC observer to the ISO working group on SR we see that 65.43% of national delegations to the ISO working group are incomplete. This highlights a significant deficit in stakeholder representation to the process thus rendering it unbalanced and not sufficiently representative. This evaluation was based on two files officially provided by the WG SR secretariat.

**Thirdly**, the process allows the participation of **consultants** even though they have an explicit conflict of interest with the standardisation. Although experts with conflicting interests are formally excluded by the WG rules, the absence of control by the WG secretariat as well as by their NSBs has allowed massive participation of these actors, particularly in the groups of SSRO and Industry.

Many consultants are CSR professionals who make a business out of selling advice on standards compliance to companies, especially SMEs. While being involved in the standardisation process these consultants may exercise their influence to be able to capitalise on the complexity of the document and assist users in its interpretation.

An explicit conflict of interest arises in cases where consultants identify themselves as SMEs and hence distort the process promoting their views as though they were a prospective standard user.

Such actors have considerable influence in the process and as has been seen during the drafting of ISO 26000, prominent positions in the Working Group management structure have been occupied in this way.

### **How will ISO 26000 affect SMEs?**

SMEs will be affected **negatively** by this standard if approved. They are simply not in a position to adapt the recommendations proposed by the ISO standard. NORMAPME has argued throughout the process that this standard in its current form is too long, complex and its content is neither relevant to nor adaptable by SMEs within their informal SME management structures.

The text throughout is inherently directed towards large industry. Trade unions for example become the focus of the text on six occasions; this is clearly industry biased and of specific relevance to larger business. In addition, a sub-heading dedicated to the issue of Anti-Corruption<sup>2</sup> again demonstrates a focus on issues of non-relevance to SMEs which thus renders the document one which has been produced with larger business in mind. Similarly, the definition of the term ‘Due Diligence’<sup>3</sup> assumes that an organisation has a formal process in place in this regard. SMEs generally operate in this manner without having formal processes. The text also endeavours to define ‘an organisation’<sup>4</sup> as an entity with identifiable objectives and structures. This however raises many uncertainties due to its broad and vague nature. In addition, the standard indicates influence on an organization’s supply chain as a characteristic of social responsibility. Again, this is a concept that fits very well for large companies; however it is unclear what influence an SME can exert over its large-sized suppliers.

The requirement formulated in the New Work Item Proposal, which preceded ISO 26000, that the standard should be easy to understand has not been fulfilled. The issues regarding volume are ever-present. The reality is that an SME cannot study some 100 plus pages in order to find guidance eventually valuable to them. SMEs do not have available to them the financial or personnel resources necessary to satisfy sincere and adequate conformance to the expectations made of SMEs.

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<sup>2</sup> DIS: line 2094 - 2120

<sup>3</sup> DIS: line 258-261

<sup>4</sup> DIS: line 301-302

An SME does not experience the same social responsibility issues as those addressed by the standard. Small to medium sized organisations do not have the same attributes or societal impact as that of bigger business. They do not operate independently of society. SMEs depend on society; their operational ends are achieved through their response to societal needs. They maintain the best interests of their stakeholders at the heart of their operations and are thus, by their very nature, socially responsible.

*'There is thus no justification for transmitting what has arguably been found to be a solution to a problem with large companies to all companies, and especially to small companies that do not have this problem. It is consequently inappropriate to develop CSR strategies for SMEs along the same lines as those for large corporations,'* (Bridge et al. 1998. Jenkins 2003).

SMEs do not require guidance in social responsibility to the extent that big business does. The assumption that large companies are the norm and the solution for the large company can just be transplanted to the smaller firms is a myth. The one size fits all approach for all stakeholders is therefore disproportionate and inapplicable.

### **What needs to be done differently?**

NORMAPME calls for better consideration of SME needs throughout the ISO 26000 processes. It is particularly noteworthy that throughout the standard making process, involvement of SMEs beyond that of the contribution by NORMAPME, has been non-existent. SMEs should be recognised as a stakeholder category different to that of industry. SMEs contribute more SR value than large enterprises. SMEs by definition employ more employees per unit of value created (this can be verified through sectorial GDP per capita figures in most countries). They also provide stability and long term prospects plus a more employee flexible package. The unique SME position on the proposed standard has not been taken into due consideration.

Balanced representation is fundamental to the integrity of the project. NORMAPME calls for the rejection of this DIS text. If it does not receive the vote of approval it will enter a second DIS revision stage where it will be possible to influence the text further. This development is possible as provided for in the ISO/IEC Directive on Procedures for Technical Work.<sup>5</sup>

NORMAPME argues against the standardisation of an issue such as social responsibility on the grounds that it is over sensitive to cultural relativity and tradition, both of which are inherent attributes of any given country worldwide. Expectations as to how far social responsibility should go vary significantly from country to country.

The ISO 26000 draft standard requires full implementation of the standard as a whole. This is an obstacle to the utility of the standard as the document in its entirety is not relevant to all types or organisation. The cost of SR is currently absorbed by SMEs. The SME SR contribution is carried out silently and sincerely, while in large companies SR is often used as a marketing tool. SMEs should be able to demonstrate their SR contribution via a standard which is responsive to their concerns and applicable to their organizational structure. Social responsibility should not be dominated by any one sector.

NORMAPME considers that a standard on Social Responsibility should be available as a responsive device for use by SMEs. It should provide guidance and remedy for situations likely to arise in the course of SME operations.

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<sup>5</sup> ISO/IEC Directive "Procedures for Technical Work", part 1, clause 2.6.4.

NORMAPME anticipates that on grounds of resource capacity and issue relevance an SME will find its ability to comply adequately with the proposed standard greatly hindered due to its length and complexity. Therefore, NORMAPME finds significant need for organisational differentiation. A one-size fits all approach is not conducive to the attainment of the required end result; that of greater recognition and uptake of socially responsible activities amongst the variety of societal stakeholders.

### **How should an SME friendly ISO standard on social responsibility look?**

NORMAPME calls for the recognition of SMEs as a stakeholder group in the process.

NORMAPME advises that greater vigilance be taken in the appointment of persons with vested interests, namely consultants, to prominent Working Group positions of influence.

NORMAPME calls for the deficit in stakeholder representation of the national delegations participating in the ISO 26000 process to be addressed.

NORMAPME calls for the rejection of the current DIS text on the grounds that it fails to address the needs of SMEs. Work should be continued on the text of the standard on social responsibility toward the attainment of such which is more utility driven and practicable.

NORMAPME wishes to see greater SME participation and consideration of the SME position as a user and beneficiary of the standard throughout the standard development processes.

NORMAPME promotes the development of guides on the implementation of the standard with consideration for the type of business activity involved, the business size and business location. NORMAPME proposes that the development of such guides be undertaken by SME associations<sup>6</sup> with the help of NSBs.

### **About NORMAPME**

NORMAPME is an international non-profit association created in 1996 with the support of the European Commission, under the full name of the "**European Office of Crafts, Trades and Small and Medium sized Enterprises for Standardisation**". NORMAPME is the only European organisation which is exclusively devoted to the interests of Small and Medium sized Enterprises in the European standardisation system.

NORMAPME represents **over 12 million enterprises** in all European countries, including all European Union and European Free Trade Association (EFTA) member states. Membership in NORMAPME is open to all SME organisations and other organisations that promote SME interests.

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<sup>6</sup> Such bodies work closely with a variety of SME related sectors and are thus familiar with and are experienced in SME needs. They are therefore well positioned to develop practical and effective guidance toward the furtherance of the sectoral and region specific uptake of ISO 26000 in a manner which is relevant and complementary to SME activities and their impact on their stakeholders.

