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Case study analysis concerning social accountability management success factors

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Abstract. The article presents a case study dealing with two companies in Romania that have implemented social accountability management systems in accordance with the SA8000 standard and improved them over the course of almost a decade. The analysis is performed in the context of the need to formalize private sector approaches to corporate citizenship through CSR initiatives and frameworks. It involves a semi-structured interview in each of the companies and the use of the benchmarking tool to perform a comparison among them. The discussion is focused on identifying success factors conducive to each situation or overall, that could be disseminated as good practices to other companies interested in pursuing the same effort.

Keywords. social accountability, management system, benchmarking

1. Introduction and context

Many companies have been involved for the past two decades in various corporate social responsibility (CSR) initiatives, programs or frameworks. One could say, it is a staple trait of any respectable firm, large or small, to care or at least show that they care how they can create value added and profits as corporate citizens in various communities, societies and countries around the globe. This necessity has become more stringent as the globalization process progressed and logistic and communication flows sped up significantly, making corporations easily visible across the world. Within this trend, there have been many approaches to formalize the efforts made in the form of guidelines, standards or reporting frameworks, but all ran into the same overarching issue: CSR is too diverse and its scope can be too large (sometimes overlapping with environmental or health & safety aspects) for it to be brought under the same regulatory “roof”.

However, the concept of social accountability is more direct and clearer, referring to the liability a company assumes in its legal, ethical, human resources and operational practices with respect to its own employees. As such, it is an internal management function that can be formalized and has begun to be approached more and more often by organizations around the world through the lens of the Social Accountability International (SAI) standard SA8000 [1]. World-wide, at the beginning of 2020, over 4400 companies had implemented and certified their SA 8000:2014 management system, spanning a total 57 industries and 61 countries [2], which attest for the success of the endeavor. Scientific research into these issues is working in parallel with the business sector to determine the impact of social accountability management on corporate key performance indicators such as revenue and profit [3] or productivity [4]. At

the same time, one should realize that applying this model can have important implications in safeguarding the livelihoods of employees [5] and for setting the companies on a strategic path towards sustainable business practices [6].

2. Interview based investigation

The tool used in the first phase of investigation is a detailed semi-structured interview with representative employees from two Romanian companies that have implemented the SA8000 social accountability management system. The firms' situations can be characterized through their similarities and differences:

- both are mostly service-based companies, one is active in the field of electrical networks' design and realization, while the other is a security services provider, that includes both technical alarm systems and their monitoring, and guard services;
- they belong to the same geographical area and their employees have similar cultural backgrounds, with the electrical company being based in a small town and the security company being based in the regional economic centre;
- both companies already had management systems implemented before, a quality management system in the case of the first one and an integrated management system (IMS) with 3 components (quality, environment, information security) in the second case;
- their motivation is similar (better relations with their employees and a better image projected towards the customers), but their size varies by a degree of magnitude (the small company activates in the electrical networks domain while the security services company requires considerable more staff to be able to guard all the physical locations of their customers).

Within the first company, hereinafter referred to as company X, following the analysis of employee discussions (a total of 14 interviews, representing 46.6% of the total directly productive employees) it can be seen that, on a scale of 1 to 5, employees rate on average a score of 4.07 on issues related to the workload of the position held, health and safety in the workplace, fair professional and promotion opportunities or the communication environment with colleagues and management. This reflects the high degree of liability and risk associated with working in electrical installations, where they skills and discipline of the staff is the most important determinant of competitiveness.

The interview focused on the findings of the internal audit process, studying the documented reports and discussing details with the management representative. As a consequence, the following important aspects characterizing the social accountability management system can be highlighted:

- The person in charge of the management systems is conducting periodic trainings on the requirements of the SA 8000 reference with the management team and the personnel of the company working in construction sites;
- The evaluation of the suppliers is carried out for quality issues but also from the point of view of the observance of the norms of health and safety at work, although the company has not yet implemented such a system within its own operations;
- Employees are consulted regularly on various decisions and are encouraged to share suggestions and complaints regarding working conditions, especially regarding electrical security;

- The organization regularly provides and makes available the necessary information required by the control authorities while performing their duties also in a public manner online, thus ensuring enhanced transparency;
- The concerns of this company in the social area are largely aimed at ensuring a cleaner and safer environment for the local community that enables the improvement of the quality of life of its members.

In the case of the second company, hereinafter referred to as company Y, the social accountability management system is necessary in relation to a well developed market with sophisticated customers, that pay attention to the conduct of the company they buy from, especially since the competition in the field of security systems is intense. In this context, the certification of the system is of high importance to demonstrate its preoccupations and to secure more customers, from the public and private sectors, as well as individuals. The company has a complex management system, with a high degree of maturity and the commitment of resources to implement and then maintain a new system for social accountability was considered to be a logical step in the direction of IMS development. Occupational health and safety, especially while working with fire arms and technical systems, as well as strict adherence to the company codes of conduct and service provision, under penalty of possible disciplinary measures, are daily concerns that require management system support.

Being a company with a significantly larger number of employees than company X, in company Y automatically the problems encountered among employees are bigger and more diverse. Also, the legislation in the field is very strict, with laws concerning security systems, specialized training, weapons and ammunition regimes, and it has an increased impact on labor relations and ensuring the necessary conditions proper to the conduct of work. The dialogue between management and employees goes through several layers of middle management and through employee representatives, leading to a more formal relationship. The interviews realized with a number of 63 employees (10.3% of the total number of employees) revealed an average score of 3.81 for aspects related to social accountability, with such functional issues being encountered:

- The operation of the SA8000 management system is in accordance with the requirements of the certification body, and the standard itself, but the awareness of employees to its role as a support mechanism for them is limited;
- Carrying out complex specialized trainings, with an impact on their own employees' activities, but also on customer satisfaction, including occupational health and safety, personal data protection (GDPR), information systems security, physical security risk assessment, legal use of means of defence, etc.;
- Using the company's ERP system to communicate, monitor and improve activities and results related to how the company fulfills its legal obligations to its employees, especially considering the advisable work load;
- Advanced managerial mechanisms dealing with working conditions, working hours, right to representation, right to health care and psychological assistance, decision-making transparency, etc.

3. Benchmarking analysis

While performing the interviews it became apparent that the two companies exhibits many common traits, due to the SA8000 system and to the regulated nature of their work, but also that their geographical location with respect to the clients (small town for company X and big city for company Y), the established relations with the controlling bodies and the differences in the personnel structure contribute to a set of distinctions in claiming conformity to the standard.

In order to explore this situation and to discover and assess the adequacy of their approaches, the authors have proposed a benchmarking table (developed based on the qualitative assessment of the two management systems) that is meant to shine a light on each of the success factors uncovered and that could be replicated in other firms (see Table 1).

Table 1. Benchmarking employed to compare the two studied companies/systems

Nr. crt.	SA8000:2014 requirement [1]	Company X	Company Y	Success factors
1	Child labour	●	●	Heavily regulated environment/sector Strict national/EU work legislation
2	Forced or compulsory labour	●	●	High skill, high liability work/situations
3	Health and safety	●	○	External accreditation of personnel (X) Inside training program for staff (Y)
4	Freedom of association & Right to collective bargaining	○	○	Oldest electrician is representative (X) Collective work contract negotiated (Y) No formal union/association in both cases
5	Discrimination	●	●	Good ratio men/women, good age distribution of employees, no complaints
6	Disciplinary practices	●	○	Life-long careers/dedication, no issues (X) Many temporary positions, indiscipline (Y)
7	Working hours	●	○	Small firm, close teams, mutual trust (X) Independent positions, schedule conflicts (Y)
8	Remuneration	○	○	Average salaries for domain, little perks (X) Many agents with low wages, no perks (Y)
9	Management system	○	●	2 component-IMS, average maturity (X) 4 component-IMS, high maturity (Y)
TOTAL (%)		83,33	69,44	

Legend and formula: ● - full compliance (1 point), ○ - average compliance (0.5 points), ○ - low compliance (0.25 points). The total has been calculated by summing up the points for each company and dividing them by the possible maximum of 9 points.

This analysis reveals possible leverage points to speed up the implementation or maturation process, while at the same time it raises possible concerns to be aware of. As lessons for other companies that wish to achieve similar results in less time (we appreciate that one certification cycle of three years should be enough) we could recommend as enablers of success:

- the adoption of voluntary internationally recognized regulations (if they do not already exist in the industry);
- external monitoring, verification and audits of staff, process, or product related issues;
- non-governmental support to start unions or other associative forms of defending the collective rights of the workforce;
- the establishment of long-term relationships between companies and their employees, including being reward leaders in their industries;
- clear internal procedures for work related aspects such as conditions, hours, protective gear, payment, etc.;
- leveraging the cross support of one or more standardized management systems.

On the other hand, it would not be advisable to rely too much on the current modus operandi if it does not comply with legislation or good social practices such as inclusiveness of the work place or community integration. Also, a long-term policy of underpaying employees will conflict with any strategic intent to become a responsible company.

4. Conclusions

In conclusion, we can say that social accountability is an important step for companies to implement a fully dedicated CSR mission statement. A formal management system such as SA8000 takes out much of the guess work in the beginning, and after being certified and becoming mature, it can support the addition of various charity, educational or environmental projects for transforming the company into a full-fledged corporate citizen. The presented case study shows that after 7 and almost 10 years, respectively, the two management systems have come of age and their continuous improvement mechanisms are working properly. It is our belief that by integrating some of the lessons learned by these companies while running their systems, any company would have a better chance of successfully developing a social accountability dimension. At the same time, the comparative approach of the benchmarking shows more clearly what policies and mechanisms have a higher chance of success in a certain context, with the most notable ones including: regulatory compliance, internal and external transparency and integration in a proficient multi-component management system.

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