Applicability of Corporate Social Responsibility to Human Resources Management: Perspective from Spain

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ABSTRACT. This article analyses the concept of Corporate Social Responsibility in relation to Human Resources (HR) management. Five potential tools are defined and their advantages and disadvantages are dis- cussed. Finally, the implementation of the most advanced and powerful tool in this area is studied: the SA8000 standard.

Introduction: the growing importance of CSR

At the dawn of the third millennium, there is growing interest in the social dimension of business activities; nowadays, citizens are better informed and their values have changed; they are increasingly ecologically and socially aware and demand more from companies than just the efficient production of goods and services.

Companies have responded to the new social demands of their interest groups by implementing Corporate Social Responsibility (CSR) actions, which include all their environmental and social activities that go beyond mere economic interests and break away from the traditional image of a company that focuses solely on generating value for its shareholders.

Porter and Kramer (2003) believe there is a space where the interests of pure philanthropy and pure business can converge and create both social and eco- nomic benefits. In short, CSR can give companies a competitive edge, a strategy that leading companies are already implementing.

The development of CSR is the result of changes in the developed world's core values (greater concern for environmental deterioration, discriminatory working practices, respect for human rights, etc.) and is linked to three key factors (Nieto and Fernández, 2004):

• Increased regulation: Regulations have been drawn up by very diverse international orga- nizations (UN, OECD, EU...) and govern- mental sources, requiring all economic agents to respect certain guidelines that work for the good of society in general.

• Pressure from consumer markets: Consumer markets are now gradually changing and a growing number of consumers are making responsible purchases, choosing organic products or those produced in accordance with CSR criteria (fair trade, limited use of non-renewable resources, fair working conditions, etc.).

• Pressure from the financial market: The pressure from the financial market is the most recent change. In money markets, a growing number of investors are looking for SRI (socially responsible investment), which refers to funds and companies that develop good CSR prac- tices. Certain studies indicate that investors are not solely moved by altruistic values since there is a positive correlation between social and financial performance (it seems that companies with more developed CSR poli- cies and activities have fewer sanctions, greater quality management, better reputations and are able to recruit and retain the best staff).

Globalization, delocalization and workforce exploitation

Although in the developed world, business activities are mostly screened by public opinion nowadays, thanks to globalization, an increasing amount of production is being carried out in many previously marginalized countries; more labour intensive activities are being relocated to these areas along with the dirtiest activities that cause the most pol- lution (Table I shows the high growth rates of sev- eral Asian countries).

Originally, trade liberalization was encouraged by the GATT and later the WTO because it was believed to be necessary in order to expand the markets of First World manufacturing companies, but also necessary in order to find a solution to the production difficulties of Primary Industries in Third World countries. The classic advantages of free trade that economists have always pointed to are now a reality and the progress of wealth generation – at an aggregate level – is undeniable.

TABLE I

Economic forecasts for certain Asian countries (Real GDP growth in %)

Country	2006	2007
China	10.7	9.6
Hong Kong	6.8	5.2
South Korea	5.1	4.4
Taiwan	3.4	4.3
Indonesia	5.5	6.3
Philippines	5.4	5.6
Thailand	5.3	5.6
India	9.2	8.4

Source: World Bank.

There are still reactionary groups that oppose the advances of globalization but it seems impossible to turn back now. Certain countries, far from the First World, will experience rapid production growth (see Table I), whilst at

the same time there is also growing concern about the numerous side effects that are difficult to control, for example the over- whelming demand for raw material1 and the rate of environmental deterioration, unacceptable to most people.

Breaking down trade barriers has not only led to the creation of industry in certain countries in Asia, North West Africa and South America; it has also made it possible for more labour intensive produc- tion activities to be relocated (the phenomenon of delocalization2) to areas where costs are lower and the authorities are more permissive. This is the result of devastating economic logic but it leaves numerous victims in its wake when factories that are often highly efficient are closed down. In a few years' time, important industrial sectors such as the textile or electronics industry will probably have disap- peared completely from the most highly developed countries known as the G-6 (United States, Japan, Germany, the UK, France and Italy).3 (Figure 1)

Spain has not escaped from the effects of delo- calization unscathed. Back in the 1950s, foreign industry began to set up there, encouraged by tax incentives, cheaper labour costs and the lack of trade union conflicts. Nowadays, these clear competitive advantages are no longer applicable, and foreign trade is now leaving the country. Back then, Spain was the European dragon that attracted all the biggest   companies from the automobile, electronics and other industries.

In the 21st century, delocalization is moving towards other destinations, and given the unscrupulous nature of large multinationals,5 there is now a need to demand that companies respect the rights of their workers, which even in today's society must be controlled through external processes. CSR requirements there- fore must be extended to include suppliers and sub- contractors, since public opinion will not accept companies that have links with Third World industries where there are inhumane working conditions, the exploitation of minors, or sexual, racial and religious discrimination. Many large companies are facing neg- ative publicity campaigns about the issue of social dumping, which takes place in production processes and which dissuades an increasing number of socially aware consumers from buying their products.

In such a situation, several problems emerge that cannot easily be resolved:

•   define what is meant by adequate, dignified or acceptable working conditions, given the diversity of cultures, legislation, trade union strength, availability of labour, etc.

•   decide who should be legally authorized to monitor and analyse working conditions and issue reports of compliance/non-compliance.

The obvious and ingenuous answer to these questions is to consider the various international conventions, the International Labour Organization (ILO) and official state bodies that are responsible for promul- gating and controlling mandatory regulations. How- ever, the reality of the situation reveals the passive stance often taken by such organizations, the lack of action taken and even the all too frequent complicity of authorities and governments in labour exploitation. In terms of control and monitoring, only the media, trade unions and consumer associations have regularly reported situations that violate not only national and international guidelines but also the notion of human dignity.

Reasons that drive companies to adopt CSR criteria

There are two basic reasons that have led companies to adopt CSR criteria:

Figure 1. The main countries that received delocalization projects in 2003. Source: http://www.tecnociencia.es/especiales/deslocalizacion_empresarial.

– On the one hand, greater social awareness on a global scale. Public opinion is increasingly criti- cal of the negative effects of globalization and over the last few years many associations and initiatives have been springing up through non- governmental organizations, foundations and standards agencies to tackle this issue.

– On the other hand, companies themselves are divulging the advantages offered by CSR not only as a defensive strategy that protects them against possible charges and lawsuits, but also as an offen- sive strategy to create value. This is consequence of the increasing impact of social criteria in consum- ers' purchasing decisions, as revealed in a recent CSR study in Europe.

In general, consumers are not willing to buy prod- ucts or services from companies that engage in unethical behaviour. Faced with growing competi- tion and the increased transparency of information, companies feel obliged to adopt CSR practices.

Even though companies do not usually publicize the specific reasons that have led them to adopt CSR criteria, the European Commission has put together a list of motives, suggested by the companies themselves:

– Business ethics.

– The personal commitment of the company's directors.

– Improve competitiveness.

– Strengthen the company's image.

– Prevent negative publicity, lawsuits or campaigns against the company.

– Increase customer loyalty.

– Stand out from the competition.

– Improve human resources management.

– Strengthen the loyalty of management staff.

– Attract new employees.

– Improve adaptation to change.

– Cost reduction.

–   Tax breaks.

CSR and HR management

CSR encompasses a wide range of practices, from respect for the environment to the elimination of discrimination and abuse in the work place.

One of the basic aspects of CSR, which is increasingly gaining importance, is the fact that it is also implemented within the company itself, spe- cifically in the area of human resources. Here, CSR spans a wide range of concepts and can vary between the minimum requirements of respecting the workers' basic human rights and the implementation of policies that help employees achieve a work/life balance.

These practices can be classified into four main areas:

–   The recognition of and respect for basic human and workers rights established by the various international bodies.

–   Adoption of the measures proposed in the Euro- pean Commission's Green Book aimed at improv- ing quality of work, such as continuous learning, a better work/life balance, job stability, etc.

–   Actions in the area of outsourcing, which affect contractors, sub-contractors and suppliers.

–   Actions related to changes deriving from com- pany restructuring operations, owing to the social consequences of such operations.

The following classification can be used to rank companies according to their CSR activities in this area:

–   Level zero: these companies do not even comply with legal requirements or respect the basic human rights established by the various interna- tional organizations.

–   Level one: these companies carry out certain social activities, although they make no modifi- cations of their management and therefore they cannot be considered CSR actions.

–   Level two: these companies implement a reac- tive strategy in terms of risk prevention by adopting formal initiatives which do not imply a significant change in their management.

–   Level three: these companies adopt an active approach, integrating CSR criteria into their management.

CSR compliance and communication alternatives in HR management

As mentioned previously, production activities are increasingly being relocated to areas where costs are lower and the authorities are more permissive regarding certain abusive practices. But globalization has also meant that the media publish more infor- mation about the activities of companies and any possible abuses.

Many people are not willing to purchase products from companies that do not respect the human rights of their workers or employ children in factories located in other parts of the world, even if that same company does not carry out these practices in Europe. Faced with increasingly aware public opinion about the abuses of multinational companies, said companies are expected not only to be honest and honourable, but in particular to appear to be so (much

like Caesar's wife).

Large companies suffer from a profound (and often unfair) assumption of guilt that leads them to look for alternatives to strengthen and clean up their corporate image in the eyes of society. The main routes currently used to tackle CSR obligations are:

– lists of socially responsible companies;

– sustainability indexes;

– the establishment of codes of conduct;

– the support or ratification of international declara- tions/standards;

– Social reports that seek to increase transparency in human resources management;

– certificates guaranteeing that certain human resources ethical management standards are being enforced, accreditations of compliance similar to traditional quality or environmental certificates (such as ISO 9000 or 14000).

Lists of socially responsible companies

Lists of socially responsible companies emerged in the 1980s in the United States and have spread throughout the world over the last few years. They aim to identify the companies that have the best ethical and social practices. The most famous lists include the one pub- lished by the US magazine FORTUNE, which is based on a reader survey about the 10 most admired companies and the ''100 Best Corporate Citizens'' who focus their efforts on job creation in companies and excellence in working relationship.

The advantages of such a tool include the signif- icant effect that the periodic publication of these lists has on public opinion. However, the inclusion of certain companies rather than others is more closely linked with the reputation of the companies than their social practices; furthermore, generally only larger companies have access to those lists, since they have a bigger advertising budget to publicize their activities, and it is very difficult for a small or medium company to be included.

Six years ago, the Spanish Corporate Reputation Monitor (MERCO) was published, based on a sur- vey of company managers (of firms with a turnover of over e45 million) and a study of different man- agement variables including corporate culture, work quality, ethics and CSR (Table II).

Sustainability indexes

Companies must prove that they carry out certain CSR activities defined by the index provider in order to gain such accreditation.
The two indexes that have had the greatest media impact are the Dow Jones Sustainability Index (DJSIWord) and the FTSE4GooD, launched by the two reputable index providers, Dow Jones and FTSE(Financial Times Stock Exchange), respectively.
The Dow Jones Sustainability Index (DJSI Word) aims to provide guidance for investors who areconcerned about sustainable development and socialpractices.[7] It uses the following social criteria:

– corporate citizenship

– commitment to interest groups

– working practices

– development of human capital

– organizational learning

- social information

- attraction and retention of qualified workers

- standards for suppliers

- specific criteria for each industry

TABLE II

Leaders in terms of reputation in 2006 in Spain

Rank Merco 2006	Company	Points	WQ	QCO	GBD	ESR	I	EFR	Rank Merco 2005
1	El Corte Inglés	10000		1	3			2	1
2	Telefónica	9295			2		1	3	3
3	INDITEX	8809	3	1				2	2
4	REPSOL YPF	7272		1	2			3	4
5	BBVA	6800		2	3		1		5
6	Banco Santander	6772		1			3	2	6
7	LA CAIXA	5919	2	1			3		7
8	IBERDROLA	4790		3		2		1	8
9	SIEMENS	4771			1	2	3		11
10	IBERIA	4618			1	3		2	9

Source: Merco 2006.
WQ = Work Quality; QCO = Quality of Commercial Offer; GBD = Global Business Dimension; ESR = Ethicaland Social Responsibility; I = Innovation; EFR = Economic/Financial Results.

The establishment of codes of conduct

The purpose of a code of conduct is to provide a basic reference to guide managers in their daily actions and activities. It aims to link the organization's mission and values with everyday behaviour. Furthermore, if it is well drafted, such a code provides clear behavioural guidelines to complement the regulations and policies in place within thevarious departments of the company.

Codes of conduct are specified and communicated internally and externally so that customers and the general public are aware of the behavioural guidelines included by a company in its human resources policy (salaries, professional career, work/life balance, trade union freedom, and health and safety).

Codes of conduct are easy to use and help to improve the image of organization. They are currently widely used and the scope of these commitments is defined by the company's management. The main limitation of

this tool is the lack of external control over the effective implementation and compliance.

In 2001, the last year for which data is available, the OECD database contained 246 codes of con- duct. Various types of work-related ''commitments'' can be discerned (Table III).

Many Spanish companies claim to have adopted codes of conduct, although they are very diverse in their content. There are two particularly outstanding codes of conduct in terms of human resources content: Grupo Inditex and Monte de Piedad y Cajas de Ahorro de Huelva y Sevilla.

TABLE III
Work-related commitments included in the OECD codes of conduct database (data available in 2001)

Commitments	% of codes that include said commitment
Reasonable working environment	75.7
Compliance with laws	65.5
No discrimination or harassment	60.8
Workers' compensation	45.3
Prevention of child labour	43.2
Obligations with contractors/suppliers	41.2
Rejection of forced labour	38.5
Training	32.4
Working hours	31.8
Freedom of association and collective Bargaining	29.7
Specific reference to human rights	25.0
Right to information	13.5
Reference to the ILO	10.1
Promotion	8.8
Do not use excessive temporary work	3.4
Flexible relationships in the work place	0.7

Source: OECD.

Support or ratification of international declarations/ standards

This involves the voluntary ratification by compa- nies of their commitment to comply with certain agreements, declarations or standards drawn up by institutions or NGOs. Here are a few examples:

• United Nations Global Compact. This was launched in 1999 by the UN secretary general Kofi Annan with nine voluntary principles in the areas of human rights, work and the environment. A tenth 'anti-corruption' principle was added in June 2004 (see Table IV). The first Spanish company to sign this agreement was INDITEX, which publicly announced that it was signing the agreement in October 2001. During an event held in April 2002, organized by the Rafael del Pino Foundation and attended by the Secretary General of the United Nations, there was a massive sign-up of Spanish companies to the Global Compact. Later on that same year, the Spanish signatory companies formed a committee to monitor this programme, called the Square Table, which also included various social organizations. By April 2005, 211 Spanish companies had signed the United Nations Global Compact.

TABLE IV

Principles of the global compact

Scope	Principles
Human rights	1. Businesses should support and respect the protection of internationally proclaimed human rights
	2. Make sure that they are not complicit in human rights abuses
Labour standards	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
6 The elimination of all forms of forced and compulsory labour	
7 The effective abolition of child labour	
	8 The elimination of discrimination in respect of employment and occupation
Environment	7. Businesses should support a precautionary approach to environmental challenges
8 Undertake initiatives to promote greater environmental responsibility	
	9 Encourage the development and diffusion of environmentally friendly technologies
Anti-corruption	10. Businesses should work against all forms of corruption, including extortion and bribery

Source: United Nations (2005)

- OECD guidelines for Multinational Companies. These are recommendations made by gov- ernments to companies. Specifically, in the area of employment and working relation- ships, companies should:

– respect the rights of workers to be represented by trade unions or other legitimate representatives; contribute to the effective abolition of child labour and the elimination of all kinds of forced labour and not discriminate against workers unless selective practices are in line with public policies that promote greater equality of employment opportunities;

– provide workers' representatives with all the means and information they need to achieve effective agreements and promote cooperation between companies and workers;

– provide workers and their representatives with information so they get an accurate idea of the company's results;

– respect regulations that are at least as favourable as those respected by comparable companies in the host country and adopt measures that guar- antee health and safety in the work place;

– as far as possible, employ local staff and provide training to improve skills and qualifications;

– notify workers' representatives and the relevant authorities of any changes in activity that could have significant effects on the workers' means of subsistence and take action to mitigate any adverse effects;

– do not threaten to relocate all or part of the operating unit to a different country or to relo- cate workers to other countries in order to influence negotiations unfairly or obstruct the workers' right to join organizations;

– allow workers' representatives to negotiate about issues related to collective agreements or meet with employers' representatives to make deci- sions in relation to such issues.

- Green book. The aim of this document was to stimulate widespread debate about the contri- bution of the EU to the promotion of Cor- porate Social Responsibility at a European or international level. This provided a response to the appeal made in the European Council in Lisbon, urging companies to search for socially responsible practices, which was later taken up again in the European summits in Nice, Stockholm and Gothenburg.

In the area of human resources management, the Comisión de las Comunidades Europeas (2001, 2002) suggest:

–   measures that include continuous learning, the accountability of workers, increased information in the company, better work/life balance, equal pay and professional prospects for women, profit sharing or employees' shares and the consideration of professional adaptation to change and safety in the workplace.

–   Responsible hiring practices to encourage the recruitment of people from ethnic minorities, older workers, women, people in long-term unemployment and underprivileged groups.

–   Recommendations about the role of companies in relation to continuous education and training.

Just as with the other tools mentioned, the Green Book makes it very easy to abide by regulations, but it is difficult to control the effective level of compliance.

Social reports

Over the last few years, a growing number of companies are presenting, in addition to their eco- nomic/financial report, a social report that details their social actions quantitatively and qualitatively. This information is normally included on the com- pany's website. Initially, each company drew up its own report using its own criteria and decided which information to include and exclude. In order to resolve this problem, international GRI (Global Reporting Initiative) guidelines were drawn up so that standardized criteria were applied to social sus- tainability reports, by including a series of indicators which facilitate transparency and comparability between different companies.8 Reports drawn up in accordance with these guidelines give the informa- tion presented additional credibility.

Indicators of working practices and human rights are closely linked in these guidelines and are based on the ILO's declaration of business principles and social policy as well as OECD guidelines about multinational companies. The following indicators are proposed:

–   Employment: breakdown of the workforce by regions/countries, type of employment, type of contract, indication of the workforce also con- tracted by other employers and net job creation. In addition, any social benefits provided to employees that are not required by law.

–   Company/worker relationship: percentage of employees represented by independent trade union organizations; percentage of employees included in collective agreements and policies with workers in the case of organizational changes. In addition, reg- ulations about the formal representation of workers in management decisions.

–   Health and safety: methods to record and report accidents in the work place and professional ill- nesses; health and safety committees; figures for absenteeism and work accidents and descriptions of programmes about HIV/AIDS. Additional indicators could include data that certify compli- ance with ILO recommendations regarding health management systems in the workplace and descriptions of formal agreements with trade unions regarding this issue.

–   Education and Training: average number of training hours a year. In addition, descriptions of procedures which promote indefinite contracts and manage retirement programmes.

–   Diversity and opportunity: description of equal opportunities programmes and policies, including the ratio between genders and other indicators of diversity in senior management departments and corporate governance.

–   Human rights strategy and management.

–   No discrimination: programmmes to avoid all kinds of discrimination in operations.

–   Freedom of association and collective bargaining.

- Child labour.

- Forced and compulsory labour.

- Disciplinary measures.

- Safety measures.

- Rights of indigenous peoples.

Figure 2 shows that USA, Japan and Spain are the countries with the most organizations that have the reports according to orientations show GRI. In Spain, 70 companies currently present social reports according to the GRI model (Table V).

Standards accreditation certificates

The disadvantage of all the abovementioned tools is that it is difficult for the stakeholders to control them and they are somewhat arbitrary. The only tool that responds to these criticisms is the use of external audits carried out by independent certification bodies to review a company's actions. For example:
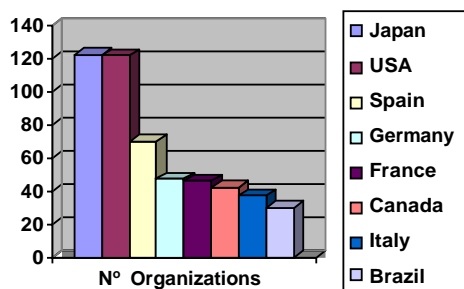

Figure 2. Countries with greater number of organizations with reports. Source: GRI Register.

- The AccountAbility 1000 Standard (AA1000) aims to guarantee the quality of information supplied by companies about their accounts, assessments and the social and ethical aspectsof management through checks carried out by the certification organization;
- The SA8000 standard, also certifiable, which focuses on social/work-related issues and will be tackled in greater depth later on;
- The EFR© Standard, used by the family company created by IESE to certify compa- nies that facilitate their employees' work/life balance;[9]
- Finally a standard ISO (International Organization for Standardization) is being devel-oped for CSR, which should be completed by the end of 2007.

The SA8000 standard

Origin and content

The SA8000 standard was drafted in 1997 in the United States, with the aim of improving labour conditions on a global scale. It was drawn up by a group of experts brought together by the Council on Economic Priorities Accreditation Agency, CEPAA, including individuals from organizations that repre- sented several interested parties (trade unions, man- ufacturers, retailers, academic institutions, NGOs, and consultancy firms and certification companies). In 1998, the Social Accountability International (SAI) organization was set up to direct the implementation of the SA8000 standard.

Although it is still a little too early for interest groups to know enough about this standard and therefore demand that companies adopt it, standards like this will undoubtedly be imposed and become widespread in organizations just as quality standards have, and hopefully just as quickly (Figure 3).
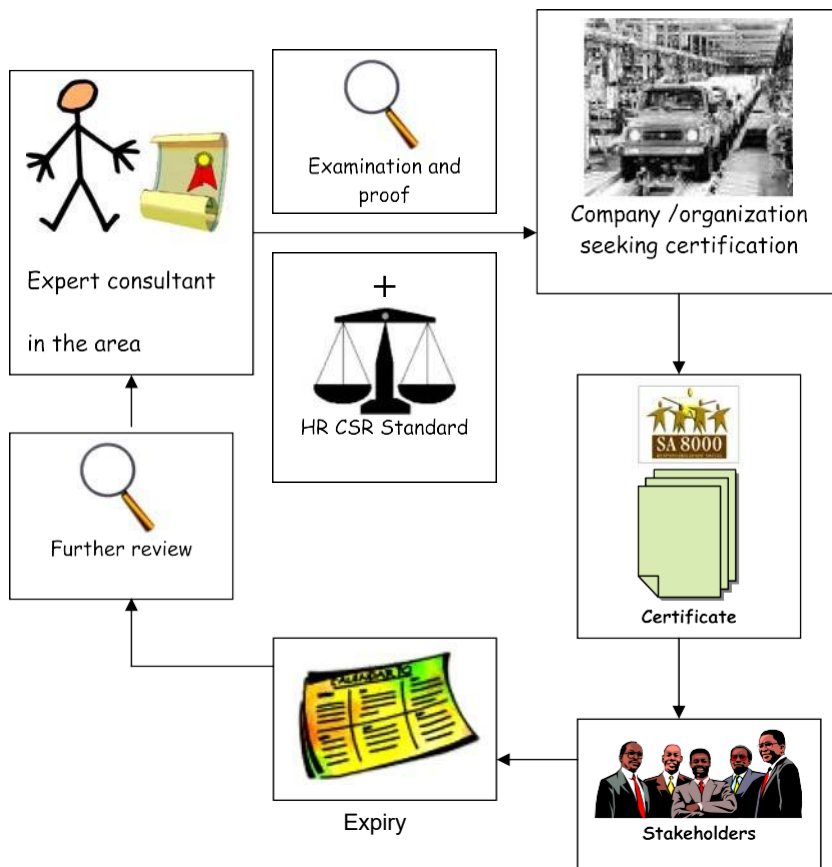

Figure 3. HR Social Responsibility standard certification. Source: developed in-house.

The following elements are involved in the SA8000 certification process:

- an active subject, a certifier, to carry out exter- nal verification. The active subject must have expert knowledge about the standard and also gain in-depth knowledge about the company being analysed.

- a passive subject, the organization, which can be a business organization or not, and which uses a workforce, either directly or indirectly (through outsourcing) and wishes to obtain the SA8000 certificate.

- Another fundamental requirement is that the expert must base his or her work on proof that reveals sufficient evidence. A company cannot be reviewed from a distance without in-depth knowledge of the tasks being judged.

- A document must be issued that provides a summary of the expert's opinion, and the expert is responsible for this document. If the certificate is awarded, it has a certain validity timeframe. When this period expires, the company must be reviewed again.

- The report is aimed at parties that are interested in knowing whether the company complies with the requirements of the SA8000 standard (these parties are the company's customers, owners, employees, authorities, governments, etc.)

The starting point for the SA8000 standard is that the company seeking accreditation must comply with national legislation and any other applicable law and also uphold the principles established in the following international conventions:

– ILO conventions 29 and 105 (Forced labour and slavery)

– ILO convention 87 (Freedom of association)

– ILO convention 98 (Right to collective bargain- ing)

– ILO conventions 100 and 111 (Equal pay for work of equal value, Discrimination)

– ILO convention 135 (Convention on Workers' Representatives)

– ILO convention 138 and recommendation 146 (Minimum age and recommendation)

– ILO convention 155 and recommendation 164 (Health and Safety in the workplace)

– ILO convention 159 (Vocational Rehabilitation and Employment/Disabled Persons)

– ILO convention 177 (Domestic work)

– Universal Declaration of Human Rights

– United Nations Convention on the rights of children

TABLE V

Spanish companies that draw up social/sustainability reports following the GRI model (data available as of June 2007)

Abengoa SA	Grupo CESPA
Abertis Infraestructuras SA	Grupo ENCE
Agbar Group	Grupo Ferrovial
Asepeyo Mutua de Accidentes de Trabajo y Enfermedades	Grupo Larcovi
Asoc. Española de Contabilidad y Administración de Empresas	Grupo SOS
Banco Popular Español SA	Harineras Villamayor
Banco Sabadell	HidroCanta´brico
Banco Santander Central Hispano SA	Hospital Universitario Virgen de las Nieves
BASF Española SA	Iberdrola SA
Bilbao Bizkaia Kutxa	Iberia Líneas Aéreas de España SA
Caixa Catalunya	Idecon SAU
Caixa Galicia	Inditex SA
Caja de Ahorros El Monte	Indra Sistemas SA
Caja de Ahorros y Monte de Piedad de Zaragoza Aragón y Rioja – IBERCAJA	Javierre SL
Caja Laboral Popular Cooperativa de Crédito	KH Lloreda SA
Caja Madrid	Kutxa (Caja de Ahorros Gipuzkoa y San Sebastia´n)
Caja Navarra	La Caja de Ahorros de Valencia, Castellón y Alicante
Cementos Rezola	Lemona Industrial SA
CEPSA SA	LIPASAM. Limpieza Pública SA Municipal
Cercan´ıas Renfe	Mango MNG Holding SL
Contratas y Obras Empresa Constructora SA	Metro Bilbao SA
DKV Seguros	Mondragón Corporación Cooperativa (MCC)
Elcogas SA	MP Corporacion Industrial
E. Municipal Abastecimiento y Saneamiento Aguas de Sevilla SA	OHL Group

Endesa SA	Red Eléctrica de España SA
Euskaltel SA	Repsol YPF SA
FCC Construcción SA	Telefónica de España SAU
FREMAP	Telefónica Investigación y Desarrollo
Fundación Grupo Eroski	Telefónica Móviles España SA
Gamesa Corporación Tecnologia SA	Telefónica Móviles SA
Gas Natural SDG SA	Telefónica SA
Gestevisión Telecinco SA	Transportes Urbanos de Sevilla SAM
GlaxoSmithKline SpA	Unión Fenosa SA
Grupo ACS	Universidade de Santiago de Compostela
Grupo BBVA	Vodafone España SA

The SA8000 standard defines certain Social Responsibility requirements that must be verified (specifying the minimum standards for basic labour rights, health and safety, salary levels, etc.). It is made up of 8 clauses related to basic labour rights and the worker's welfare (child labour, forced labour, health and safety in the workplace, freedom of association and the right to collective bargaining, discrimina- tion, disciplinary measures, working hours and compensation).

The SA8000 standard indicates three ways in which it can be used:

- firstly, as a useful reference for internal audits carried out by the organization itself;

- secondly, when the company is audited by

another affiliated company (customer, parent company...) in order to verify compliance with the requirements of a standard chosen by the affiliated company; for example a clothing retail outlet might audit the compa- nies that manufacture the garments supplied in relation to the requirements of the SA8000 standard;

- thirdly, when the company is audited by an external independent organization that is not a direct customer or supplier, the audit will be carried out by a certification body, a spe- cialist financial audit company, or an NGO, as long as said body is authorized by CEPAA to perform such audits.

As with other standards, only external assessments are valid when applying for certification to ensure the company complies with the requirements of the SA8000 standard. Formal recognition of compliance is gained through the presentation of a certificate and permission to use the certificate logo on the company's documents (subject to certain conditions specified by CEPAA). Just as with other certificates, the accreditation must be periodically reviewed (Tables VI and VII).

Table VIII shows that the SA8000 standard is one of the most comprehensive CSR compliance tools.

Degree of implementation of the SA8000 standard

Currently, only a limited number of companies have been awarded the SA8000 certificate (1.200 com- panies in 59 countries covering 626.597 workers.10 When these figures are broken down by country, Italy has the highest numbers of certified companies (503) and China has the greatest number of workers covered by this certification process (21%), followed by India, Italy and Brazil.

Figure 4 shows that the largest group of certified companies relates to medium sized enterprises (69% have between 51 and 1,000 employees) in the industrial sectors (particularly clothing and textiles, chemicals and cosmetics).

TABLE VI

Social Responsibility requirements of the SA8000 standard

Child labour

1.1 The company undertakes not to use child labour
1.2 The company will provide an education to any minors working under the minimum legal age limit for employment
1.3 The company assures that no worker of school age will work during school hours and that the total number of accumulated hours dedicated to work, school and transport do not exceed 10 h a day
1.4 Children will not be exposed to conditions that might put their health and safety at risk

Forced labour or recruitment under the threat of force

2.1 The company will not hire or support the use of forced labour or recruit people using threats; nor will it allow any worker to be forced to ''deposit'' money or hand over identity documents as a condition of employment

Health and safety

3.1 The company will provide a safe and healthy working environment
3.2 A manager must be appointed as the health and safety officer
3.3 Regular safety training will be provided
3.4 The company undertakes to adopt a proactive stance with the aim of resolving potential health and safety problems
3.5 The company will provide hygienic services in clean conditions and will also provide drinking water
3.6 If bedrooms are provided, they must be kept clean

Trade union freedom and the right to collective bargaining

4.1 The company undertakes to respect trade unions and the workers' right to collective bargaining
4.2 If trade unions or collective bargaining are legally restricted, the company undertakes to provide other parallel forms of free association
4.3 The company undertakes to ensure that there is no discrimination against trade union representatives, and that they have access to union members

Equality and discrimination

5.1 The company undertakes not to carry out or support discriminatory practices
5.2 There will be no interference with individual rights. For example, religious beliefs will be respected
5.3 No form of harassment of workers will be permitted or supported

Disciplinary practices

6.1 The company will not practice or support the use of violence, physical or psychological coercion, or verbal abuse
6.2 Prohibition of physical punishments
6.3 Commitment not to carry out arbitrary pay deductions, for example, for illness or not working overtime
6.4 No threats of dismissal or personal damage

Working hours

7.1 The company will comply with national legislation and industry standards regarding working hours:
   legal maximum of up to 48 h a week
   at least one day's rest a week

7.2 The company undertakes to ensure that extra hours:
   will be paid at a higher rate
   will not exceed 12 h a week
   will not be demanded regularly

Pay

8.1 Salaries must comply with legal requirements and be sufficient to cover ''basic needs'' and provide some additional income
8.2 Salaries must not be withheld for disciplinary reasons; workers' payslips must be detailed and presented in a way that is understandable to the workers and paid in cash, by cheque, or bank deposit
8.3 The company undertakes to avoid false arrangements with the aim of avoiding having to comply with its obligations

TABLE VII

Objective evidence to support the requirements of the SA8000 standard

Child labour
1.1 Birth certificates
1.2 Comparative analysis with top level standards
1.3 References to the United Nations international rights

Forced labour or recruitment under the threat of force
2.1 Do not posses copies of personal documents such as passports
2.2 Allow workers' families to visit them freely

Health and safety
3.1 Safe working environments
3.2 Use of required protection equipment
3.3 First aid materia
3.4 Training about health and safety in the workplace

Trade union freedom and the right to collective bargaining
4.1 Copies of collective agreements
4.2 Copies of the agreements signed by trade union representatives and the company

Equality and discrimination
5.1 Records of workers' salaries
5.2 Workers' testimonies

Disciplinary practices
6.1 Existence of documents about appeal processes
6.2 Workers demonstrate knowledge of the company's disciplinary policy

Working hours
7 Records of overtime payments

Pay
8.1 Records of salaries and payslips
8.2 Workers' testimonies
8.3 Compliance with legal minimum wage requirements

The advantages and beneficiaries of this standard

The establishment and generalization of standards such as the SA8000 have undeniable advantages not only for workers but also for companies, and certain benefits even reach the consumers.

Firstly, workers in emerging countries benefit because their working conditions and wages improve significantly and their circumstances become more dignified. Workers in industrialized countries from the First World would also benefit since standards would dissuade businesses from relocating to other countries (even though this phenomenon is probably inescapable, at least it would be slowed down or certain less labour intensive industries would be saved).

The companies also obtain advantages; although a priori they would experience a certain increase in costs, the generalization of standards would make it difficult to carry out social dumping and would be an obstacle to disloyal competition based on unfair and undignified working conditions. Companies would also benefit from other advantages: if stan- dards raise salaries to more dignified levels, the workers will have increased purchasing power, which could enable solvent demand to increase in Third World countries. Of course, organizations that implement this standard also improve their ability to attract the best work force and keep them motivated, and would also increase their sales as a result of their improved image.

Finally, there are also benefits for the customers, who would be buying slightly more expensive products but produced with greater transparency and probably much better quality since they would be manufactured in better conditions and by more motivated and satisfied staff (Figure 5).

Limitations to the development of the standard

Nieto and Fernández (2004) debate whether CSR practices, including standards such as the SA8000, might just be another management fashion,[11] with a cycle of growth/saturation, then decline and disap- pearance just like many other business practices. However, they believe that the positive image conveyed by CSR to the company's interest groups justifies the long term use of these practices.

The implementation of HR management con- duct standards comes up against several hurdles: the general lack of awareness about the standards, the lack of certifying companies, cost and control:

• Firstly, HR management standards are still not widely known about (not even the SA8000 standard), hence companies not only have to work to adapt their practices to the requirements but also to inform their customers and society of the advantages and commitments of said standard.

• Secondly, there are still very few companies that are willing to carry out the required re- views thoroughly and with the right levels of quality. This activity requires a high degree of specialization and a great deal of work to verify the application of the standards.

• The third obstacle is the cost of implementation and the fees charged by accreditation companies. To cap it all, this accreditation must be renewed periodically, therefore the process is very expensive for companies that operate on several continents and even great- er for those in which production processes are less integrated.

• It is also difficult to control the work carried out by consultancy firms. The fact that the reviewed company pays for the work might influence the opinion of the auditors. Clearly, there is a danger that monitors carry out this task under pressure and unscrupulous consul- tancy firms could go into the profitable busi- ness of ''selling'' certificates that guarantee good practice in human resources without having researched the company thoroughly and conscientiously.

There is still a long way to go until citizens value and demand the implementation of HR conduct standards and they will only be of use if the   process is taken seriously and all parties are committed. If there is excessive haste and certif- icates are awarded without due justification, the credibility of said certificates would be lost along with the huge possibilities offered by these stan- dards in relation to human dignity at work (Table IX).

Conclusions

Social Responsibility seems to be gaining international importance, becoming an intangible resource that is just as transcendent as an organization's other assets, if not more so. The application of Social Responsibility is particularly beneficial to companies that are part of the circuit of production and global trade.

It is absolutely crucial to raise awareness about CSR tools among the main parties involved and to promote participation in its application.

This article has examined several business responses to new social demands from interest groups through Corporate Social Responsibility (CSR) actions in relation to human resources practices.

There is increasing demand for information about the operations and effects of business management that re- quire increased transparency, adopting strategies to demonstrate that not only companies, but also their suppliers and sub-contractors are respectful of their staff. Table X provides a summary of the different ways of raising awareness about or demonstrating good practices in human resources management, along with their main advantages/disadvantages and degree of implementation.

TABLE VIII

Comparison between the SA8000 standard and other CSR tools

Content	Tools							
	APEC	Caux Principles	Global Reporting Initiative (GRI)	Global Sullivan Principles	OECD	Global Corporate Responsib. Principles	Social Accountability SA8000	United Nations Global Compact
Transparency	×	×	×	×	×	×	×	×
Collaboration with interested parties	×	×	×	×	×	×		
Communication of the standard			×	×	×	×	×	×
Information about Environmental Impact			×		×	×		
Information about Human Rights			×				×	
Verification of communication			×		×	×	×	×
Verification by independent certification bodies							×	
The standard applies to affiliated companies		×		×	×	×	×	×

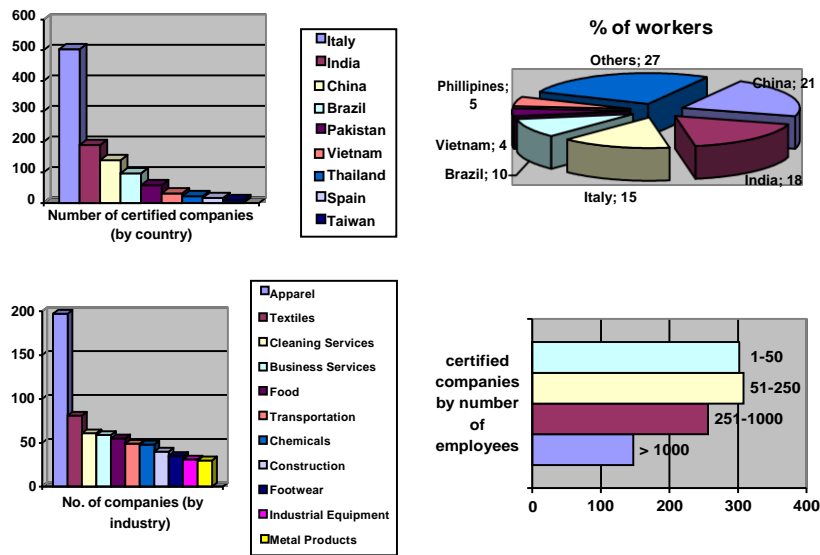Source: Business for Social Responsibility.

Figure 4. Implementation of the SA8000 standard (December 2006). Source: http://www.cepaa.org and developedin-house.
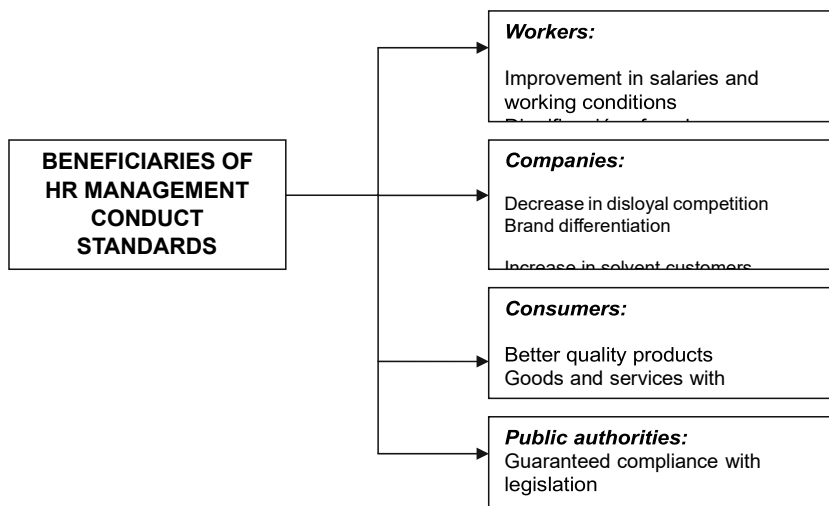
Figure 5. Advantages of implementing and generalizing HR management conduct standards. Source: Developed in-house.

TABLE IX

Main strengths and weaknesses of the SA8000 standard

Strengths	Weaknesses
Global applicability: this tool can be applied to any country and industry (September 2005: 47 countries and 54 industries)	Scarce recognition and knowledge of the standard among the clientele and the general public
It undoubtedly has many advantages mainly for workers (improvement in their working conditions and dignified salaries), customers (goods produced with transparency and better quality) and for the company itself (improved image and retention of the best workers)	High implementation costs, hence in practice it is more accessible to larger rather than smaller companies
External evaluation is required to achieve the certificate, which enables greater control in terms of compliance with requirements	The management system is not developed enough at the moment
Requirements of periodic renewal of the accreditation	There are no rewards or incentives for companies that exceed minimum compliance levels
It forces companies to comply with national legislation and the principles included in many international conventions	Possible ''sale'' of standard compliance accreditation certificates
	It disregards other aspects of CSR, hence it is not a comprehensive standard

TABLE X

Tools used in CSR in relation to HR practices

Tool	Advantages	Disadvantages	Degree of implementation	External control
Lists of socially responsible companies	No cost Image	Only accessible to large companies	Limited to large companies	No
Codes of conduct	Low cost Easy to implement Flexibility	Difficult to control effective compliance	Widely used	No
Ratification of standards	Low cost Easy to implement	Difficult to control effective compliance	Limited	No
Social reports	Moderate cost	Partial information[a]	Fairly widespread	No
External certification of Standard	Maximum guarantee of ''good practices''	Cost of certification Not widely known about	Scarcely used	Yes

Source: Developed in-house.

[a]Unless they are drawn up in accordance with GRI guidelines.

Notes

[1] The exorbitant increases in oil prices over the last few months are largely responsible for this phenomenon.

[2] Delocalization has been defined as the relocation of production activities to industrialized developing coun- tries characterized by slightly lower levels of income per capita and therefore average salaries among the employed population (Mun˜oz Guarasa, 2002). There are two forms of delocalization: internalized: when production is handled by a subsidiary company from another country; this is a type of ''intracompany delocalization'' also referred to as captive. Subsidiaries of the main company are set up in for- eign countries; externalized: production is sub-contracted out to another foreign company; also known as ''sub-contracted delocalization'' or outsourcing.

[3] The expansion of the EU in 2004 accelerated the process of delocalization in Europe.

[4] See the articles published by Jime´nez (2001) and Navarro (2004).

[5] As Galbraith (1967) warned, not even the owners control these business actions; it is the managers, the techostructure that acts with impunity and unscrupu- lously in large organizations.

[6] Aragón Medina and Rocha Sánchez (2005).

[7] See the contribution of Ricart et al. (2004), which analyses the growing acceptance of these indexes in the US and Europe. According to these authors, in Spain, SRI (Socially Responsible Investment) is relatively underdeveloped, hence indexes are not published and relatively few investment funds of that nature are traded.

[8] The webpage http://www.globalreporting.org indicates the information that must be included in reports in order to comply with this regulation.

[9] Chinchilla et al. (2004) discuss the principles included in this new accreditation.

[10] According to data from December 2006 (http:// www.cepaa.org)

[11] The distinction between consolidated management practices and management fashions can only be seen in the long term. For Carson et al. (2000) an organization rarely abandons consolidated practices even when faced with external pressure because they are deeply rooted in the organi- zation, built into its collective cognitive structure, its psyche and its values. Management fashions or fads, on the other hand, are subject to social contagion; they are perceived as original, progressive and/or preferable to pre-existing fashions; they emerge out of a desire to remediate operating deficiencies and are transitory in nature, since after the adaptation period, no systematic or extensive research validates their prolonged use or generalization; hence they behave just like any con- sumer good, with a classic life cycle. Abrahamson (1996) and Abrahamson and Fairchild (1999) show that many management paradigms and ideas that seemed revolutionary at the time have since been forgotten and fell out of favour very quickly.

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