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STATISTICAL ANALYSIS OF CERTIFICATION PROCESS OF INTERNATIONAL STANDARD SA 8000 ON SOCIAL ACCOUNTABILITY

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Abstract

This work is devoted to the development of general tool for determining the direction and priority of consideration and study of accumulated experience results in the world practice, obtained when development, implementation, and certification of the management systems according to the requirements of international standard SA 8000. To solve this problem, in this article, it was suggested to use input data presented by international organization SAAS (Social Accountability Accreditation Services), statistical and graphical methods of data processing and analysis, and "Pareto analysis" methodology. As a result of the conducted research, the general tool was developed, that allows to systematize the accumulated experience of management systems implementation and certification in the world practice, which is developed on the basis of international standard SA 8000. It was suggested to classify the accumulated experience according to such indicators as "quantity of organizations", "quantity of personnel", "industry", and "continent". It was shown that the most quantity of organizations having certified management system in conformity with the requirements of international standard SA 8000, and the most quantity of personnel in certified organizations was concentrated in Asia. It was found that the most widespread branches of industry in regard to the certification of their management systems in conformity with the requirements of this standard are such branches as "construction", "apparel", and "textiles" industries.

Keywords: Social Accountability (Responsibility), International Standard SA 8000, Statistical Data, General Tool, Competitiveness Of Organizations, Business Risks.

Introduction

The standard SA 8000:2008 determines the requirements based on international human rights norms and national legislation in the field of labour interrelation, which allow to provide social protection and human rights related both to the personnel of organization declaring conformance with this standard and to the personnel of its suppliers (subcontractors), and also to the persons working at home (home workers) for the organization aims [1,2].

The main attention of this standard is concentrated on the following requirements: child labour, forced and compulsory labour, health and safety, freedom of association and right to collective bargaining, discrimination, disciplinary practices, working hours, remuneration and management systems on the whole.

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

All requirements of this international standard are generic and are intended to be applicable to all organizations, regardless of type, size, geographical position, cultural and social features, and provided products and services.

It is possible to combine the main advantages of management system implementation, which are conformed with this international standard as follows: improvement of motivation and moral state of personnel due to the required workplace organization and observance of social guarantees; reduction of personnel turnover, and additional tool for attraction of high quality specialists from other organizations; decrease of business risks, related to the issues of organization social responsibility, and expansion of its products sale markets; observance of social guarantees at the level of international requirements, and increase of national organizations competitiveness [3].

Generally, the activity of organization when development and implementation of social responsibility management system on conformity with the requirements of international standard SA 8000, as well as similar other innovative activities, for example, the development and implementation of the quality management system on the basis of international standard ISO 9001 requirements, is a project. The projects are carried out on the basis of project management principles, in the basis of which determination of the work implementation stages is included. At the same time, the organizations (institutions and enterprises), for development and implementation of the management systems, are based on the existent internal capabilities of their specialists (engineers) or, more often, for carrying out this type of projects, apply to external services, employing the consultants. Generally, it is possible to select the following steps of development and implementation of the social responsibility management system on conformity with the requirements of international standard SA 8000:

- 1) analysis of current situation in organization with the purpose of identifying the weaknesses and strengths according to the requirements of SA 8000;
- 2) identification and provision of necessary resources for the system implementation;
- 3) development of organizational structure for the system implementation;
- 4) training the organization personnel according to the requirements of SA 8000;
- 5) documentation of the system;
- 6) application of the developed documents by organization;
- 7) internal audit;
- 8) management review;
- 9) certification of the system.

In our opinion, to develop and implement the social responsibility management system SA 8000 in one or another organization, presently, in spite of the mentioned advantages, especially in developing countries, yet extremely insufficient attention is paid in connection with the whole number of factors and causes, the main of which are the following:

1. Lack of the reliable method for calculation of "external business risk", and the formed mentality of both products (services) manufacturers and their customers. Unfortunately, the traditional image of the customer needs, i.e. of salability (purchasability) of products (services), dominating in national organizations (enterprises, institutions), especially in developing countries, is that the customer when purchasing the products only assesses such indicators as "quality", "price", "delivery time", and "after-sales services". At the same time, for modern

customers – consumers of products (services) – in the developed countries, cultivation of progressive ideology begun more than ten years ago. In accordance with this ideology it is not allowed to purchase even superhigh-quality product, that is manufactured in inhumane conditions – the product, which does not conform with the requirements of international standard SA 8000. It should be borne in mind that this situation increasingly begins to influence the access of national organizations (enterprises, institutions) products and services to the consumption markets in the developed countries, i.e. from this point of view, this problem can be assigned the category of “external business risk”. The perspective solution for such situation is the development, implementation, and passage of certification process of social responsibility management system of organization on conformity with the requirements of international standard SA 8000 [4].

2. Lack of the reliable method for calculation of “internal business risk”. Decision-making about the development and implementation of social responsibility management system SA 8000, similarly as well as realization of any kind of innovative activity in organization is the “internal business risk” in connection with the necessity to use here considerable financial, human, and other resources. In addition, in developing countries, especially in those which are only yet at the stage of passing the issue of ensuring the required products and services quality by the international standards, the rational and logical requirement of customers of “high-quality products production in humane conditions” for national organizations (enterprises, institutions) more often appears to be somewhat strange and unexpected phenomenon. In other words, while the problem of “quality” for the products (services) manufacturers has been solved not fully, they cannot think about the need of humane conditions observance of their products (services) manufacturing. Even in that case, if for the customer such need has already arisen, the national organizations, at their level of development, presently will face the problem of its successful practical realization. Thus, national organizations (enterprises, institutions), as a rule, are not yet ready (neither morally, nor materially) for the development and implementation of this system.

3. Complete or partial lack of the reliable (scientifically substantiated) information and advertising. Without the study and consideration of the accumulated experience in this field by other organizations (enterprises, institutions), especially by competitors both inside and outside of country, the development and implementation of the social responsibility management system SA 8000, practically become impossible. In addition, this process, because of its newness, in the world yet widely has been not extended. As a result of that, the implementation experience of this system, accumulated to the present time, still is statistically and practically studied yet not enough. In this connection, the vast majority of national organizations do not have information not only about that, whether there are organizations or industries at the international level, which implemented the mentioned system, but also about that, whether there are similar organizations in their country or in their branch of industry. At the same time, for a decision-making about the development and implementation of the social responsibility management system SA 8000, the organization with the purpose of decrease of the risk level, in detail, should study this issue and determine, which countries and industries are leaders in one or another area, to use the accumulated experience by them in this issue. Therefore, the existence of the clear statistically reliable information about the organizations and industries both in the world practice, and within the country, which already have such experience, is extremely necessary issue when decision-making by organization (enterprise, institution) about development and implementation of the social responsibility management system on the basis of international standard SA 8000 requirements.

In the references [5,6,7,8] the statistical data and graphical information are provided on organizations and industries in the world, which successfully passed the process of development, implementation, and certification of the social responsibility management system on conformity with the requirements of international standard SA 8000. However, in these works, the information about the methods of data processing and analysis is absent, and it was

not clearly substantiated and proved in which countries and industries of the world, the most implementation experience of such system has been accumulated and how to use the given information for decision-making when development and implementation of the social responsibility management system in the particular organization. These gaps do not allow national organizations to determine the necessary priorities when consideration and study of the results of already accumulated experience by other organizations and industries on development and implementation of such system, that is furthered also by practically full lack of appropriate advertising.

The aim of this work is the development of general tool for determining the direction and priority of consideration and study of accumulated experience results in the world practice, obtained when development, implementation, and certification of the management systems according to the requirements of international standard SA 8000 through the research and classification of existent statistical data in this area.

This problem solving, finally, must minimize the internal business risks of organizations (related to system implementation) and external business risks of organizations (related to the products sale in international markets) when practical realization of this system, and increase the competitiveness of organizations, and expand the sale markets of their provided products and services.

The paper does not consider the international standard ISO 26000:2010 "Guidance on social responsibility" since it does not concern management system, certification, or regulations [9].

Methodology

This article is based on input data presented by international organization SAAS (Social Accountability Accreditation Services) [5,6,7]. During the conducted research, the statistical and graphical methods of data processing and analysis, and "Pareto analysis" methodology were used.

According to SAAS [10], only 20 certification bodies are accredited and allowed to work on certification of management systems in conformity with the requirements of international standard SA 8000. This number includes world famous organizations about conformance verification issues, such as SGS, Bureau VERITAS Certification, TUV Nord, Cise, DNV, TUV Rhineland, LRQA, APCER, BSI, IQC, ABS Quality Evaluation, etc.

According to the literature [5,6,7], the information about distribution of certificates quantity in conformity with SA 8000 is presented in figure 1. According to the available information, it is clear that only 2606 organizations in 62 countries of the world have successfully executed the whole certification process of the management system in conformity with SA 8000 since its acceptance from 1997 to 2011. Countries as Italy, India, and China have 1803 certificated organizations that comprise 69.19%. This conforms with the delivery volume of the production of these countries to the countries of the European Union and the USA. Countries as Argentina, Bosnia, Honduras, Laos, Latvia, Morocco, Namibia, Nepal, the Netherlands, Panama, Singapore, Slovenia, Southern Africa, Tanzania, the USA, and Venezuela are included in the category of "Others". These countries have a small number of certified organizations (basically with foreign investments) in conformity with SA 8000, and makes up only 0.64%.

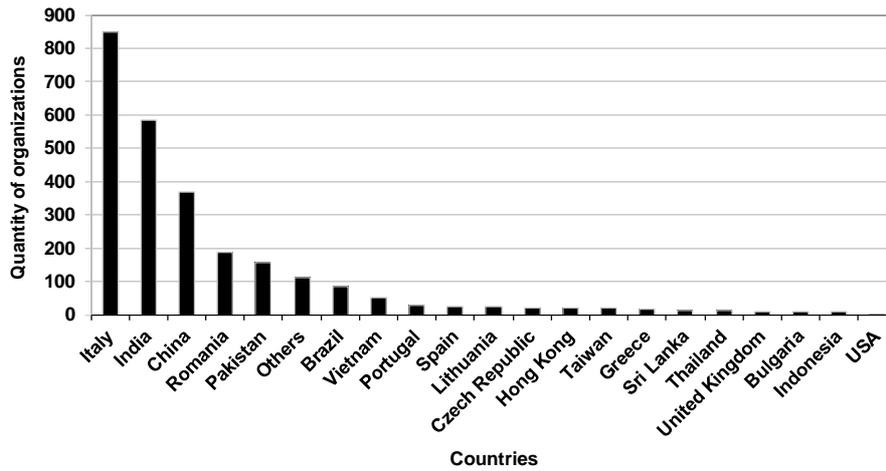


Figure 1: Distribution of the certified organizations quantity in conformity with SA 8000

The total quantity of personnel in the certified organizations comprises 1,452,970 persons according to the references [5,6,7]. The analysis of this information, as displayed in figure 2, shows that India, China, and Italy have a total of 869,447 personnel and comprise 59.84%. On the other hand, Namibia (included in “Others”) has only one organization with 23 personnel.

Table 1 shows the analysis of the statistical data which are displayed in figure 2 and presented in the reference [6]. The analysis shows that in 36% of the certified organizations the quantity of personnel fluctuates in a range from 51 to 250 persons, in 12% of the organizations - exceeds 1000 persons, and in 22% - from 251 to 1000 persons.

Table 1: Statistical data about the certified organizations in accordance with the quantity of personnel

Quantity of personnel	Quantity of organizations
More than 1000	313
251-1000	562
51-250	937
1-50	794

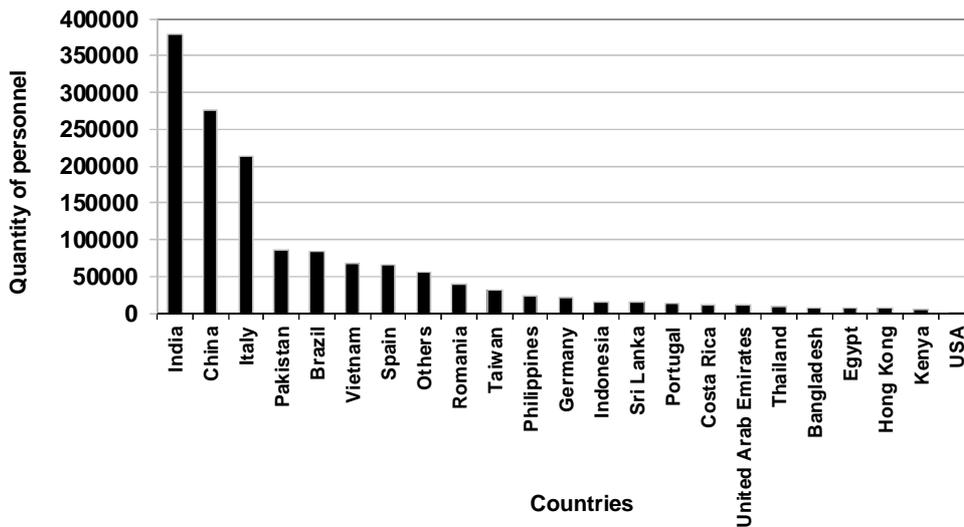


Figure 2: Distribution of personnel quantity in the certified organizations in accordance with the standard SA 8000

The statistical data on worldwide economic branches (Figure 3) with certified organizations shows that 65 branches have been covered by this standard [7]. The most quantity of the organizations (982) that comprises 37.68% of total number of the certified organizations is distributed on 3 branches of worldwide economy: 1) apparel; 2) textiles; 3) construction. The least quantity of the organizations (2) that make up only 0.16% of total number has been presented in such branches as glass products and industrial services.

The distribution of quantity of personnel in the certified organizations on economic branches (Figure 4) shows that in such branches as apparel, textiles, and metal products, total number of personnel includes 533,929 persons which comprises 36.75% of total number of the personnel of the certified organizations (1,452,970 persons). The least number of personnel (75 persons that make up approximately 0.01% of total number of the personnel) is in wood products.

The diagram of quantity distribution of the organizations having certified management system (Figure 5) follows the famous Pareto principle: "80 % of the wealth of the country is in the hands of 20% of the population". In this case about 8% of the countries, namely Italy, India, China, Romania, and Pakistan, have 80% of the certified organizations according to this standard.

At the same time, the analysis of the personnel quantity distribution in the certified organizations in the countries of the world shows that 11% of the countries, namely India, China, Italy, Pakistan, Brazil, Vietnam, and Spain, cover about 80% of the personnel quantity in the certified organizations (Figure 6).

Results and discussion

Generalizing the information which is presented in figures 5 and 6, it is possible to determine the following:

- the most quantity of the organizations having certified management system are concentrated in Asia (about 50%), about 4% come from Europe, while another 4% come from other continents;

- the most quantity of personnel in the certified organizations is concentrated in Asia (about 67%), about 26% in Europe, and other continents have about 7%.

- the procedure of certification in conformity with the requirements of international standard SA 8000 is successfully passed by large organizations (more than 1000 personnel), middle (from 250 to 1000 persons), and even small enterprises (less than 50 persons).

At the same time, the results analysis of management systems certification in conformity with the requirements of international standard SA 8000 shows that though the standard has been developed in the USA, only one enterprise from 1997 to 2011 has passed certification procedure in conformity with the requirements of this standard. It means that the USA now adheres to a policy of import of all kinds of resources. At the same time, the countries member of EU on the contrary aspire to extend as much as possible requirements of this standard and, by such way, to close export of the products from other countries having weak social guarantees by restriction of the products and services purchases from the organizations which do not have the certificate on management system corresponding to this standard. It finally should balance expenses of the European organizations on social guarantees with expenses of other countries that are less developed in this relation.

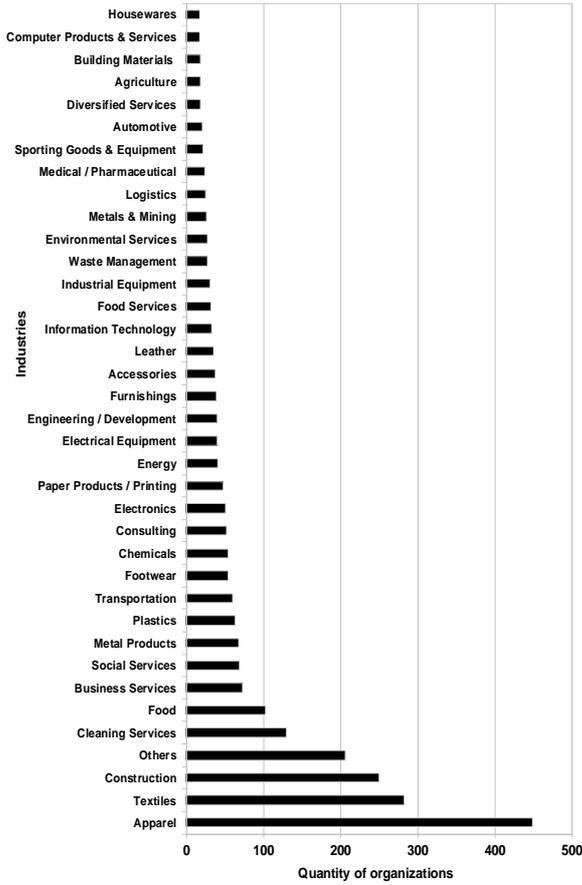


Figure 3: Distribution of the certified organizations by worldwide economic branches

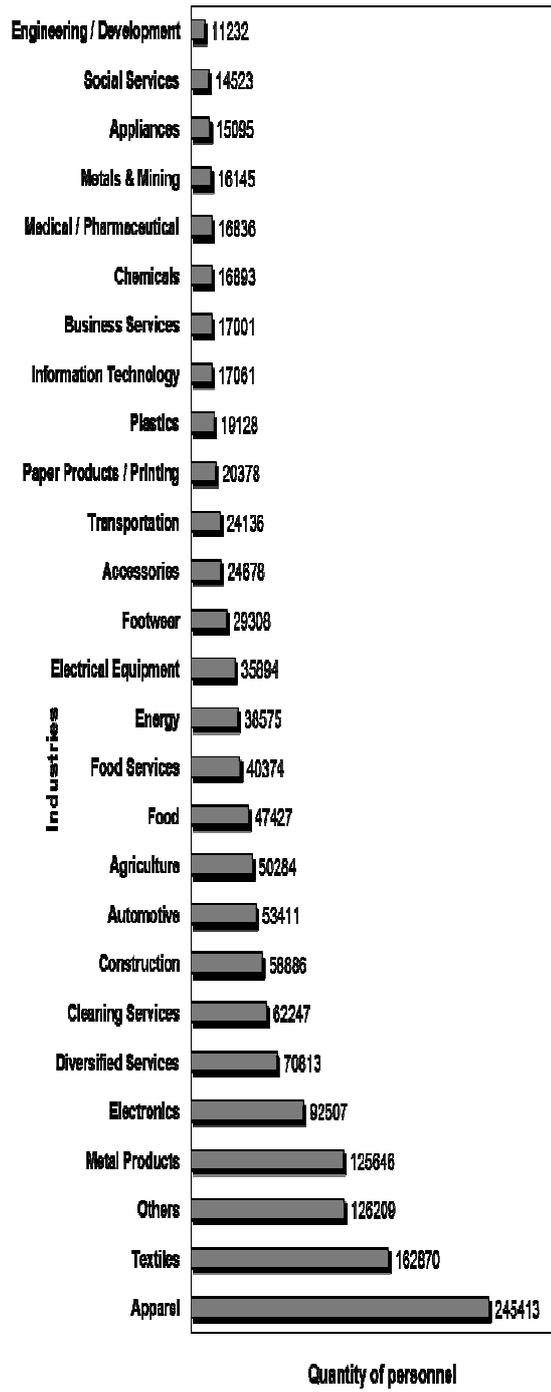


Figure 4: Distribution of personnel quantity in the certified organizations by worldwide economic branches

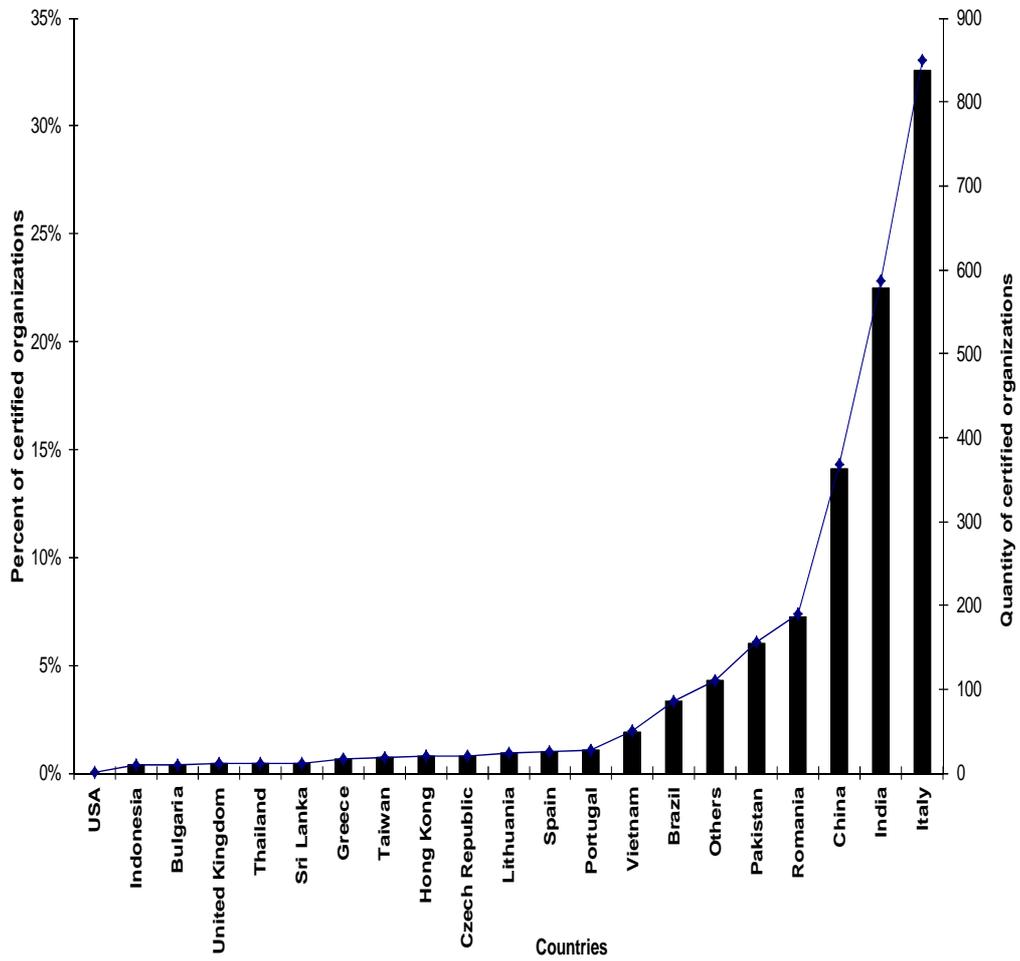


Figure 5: Distribution of the certified organizations quantity in conformity with SA 8000

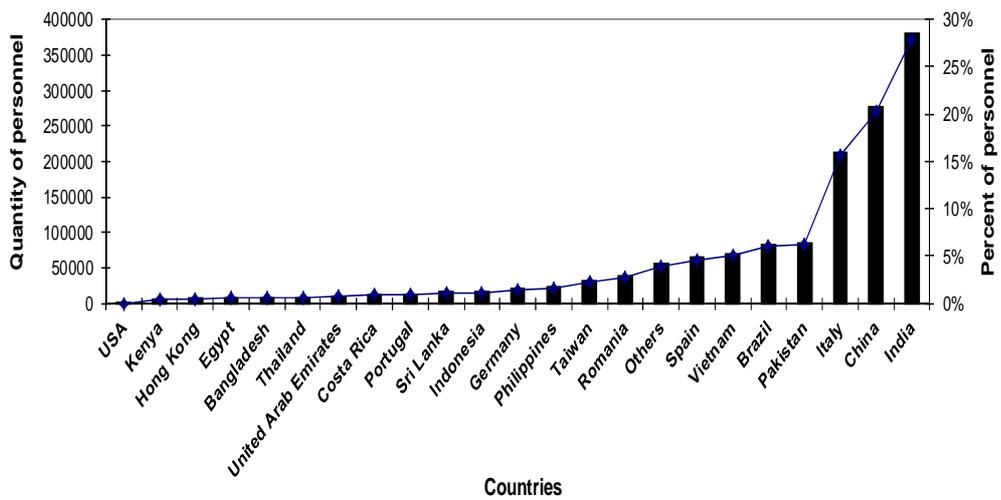


Figure 6 - Distribution of the personnel quantity in the certified organizations among the countries of the world

The outcome of conducted research about implementation and certification of organizations management system in conformity with international standard SA 8000, in the generalized view is presented in table 2, having informative character about the study priority of the accumulated experience results of the international standard SA 8000 requirements implementation by certified organizations and industries among the countries of the world and it is a good tool for those organizations in front of which existing the problem of the United Nations Global Compact principles implementation [11] and also implementation of international standard SA 8000 requirements. In this table, the accumulated experience results of development and implementation of social responsibility management system according to such indicators as “quantity of organizations”, “quantity of personnel”, “industry”, and “continent” are classified.

Table 2: The study priority of the accumulated experience results of the international standard SA 8000 requirements implementation by certified organizations and industries among the countries of the world

Category of studying		According to quantity of organizations	According to quantity of personnel
According to Continent	Asia	1. India 2. China 3. Pakistan 4. Vietnam	1. India 2. China 3. Pakistan 4. Vietnam
	Europe	1. Italy 2. Romania 3. Spain	1. Italy 2. Spain 3. Romania
	Latin America	1. Brazil	1. Brazil
According to industry		1. Apparel 2. Textiles 3. Construction	1. Apparel 2. Textiles 3. Metal products
<i>Note: columns 2 and 3 show the study priorities of the results obtained by the organizations/industries in compliance with numeration.</i>			

Taking into account that in the near future the issue of development, implementation and certification of management systems of the organizations in conformity with the requirements of international standard SA 8000 on social accountability becomes extremely important and on the basis of the conducted analysis of the European experience of competitive struggle, and researching scientific papers [12,13,14,15,16] for increasing competitiveness of the national organizations and delivery volume of products and services of these organizations to other countries, it is possible to recommend:

(1) To pay special attention to issues of social responsibility of the organizations in front of the society, because the current customer considerably and to some extent dictates new conditions to access of products into the worldwide market, and first of all, into the European market.

(2) The passage of certification procedure in conformity with the requirements of international standard SA 8000 by organizations, which are manufacturing products of the apparel, textiles, construction, and metal products.

(3) To put the management of national organization (enterprises, institutions) attention to this fact that requirements of the standard SA 8000 on social accountability are important not only for the large organizations, but also for middle, and even for small enterprises.

(4) With the purpose of acceleration of implementing principles of the United Nations Global Compact and practical implementation of international standard SA 8000 requirements, it is necessary to study the implementation experience of this system which has been accumulated in such countries as India, China, Pakistan, Vietnam, Italy, Romania, Spain, and Brazil.

Conclusion

1. The statistical and graphical information was provided about implementation of this system in the world according to such indicators as "quantity of the certified organizations in each country (Figure 1)", "personnel quantity of the certified organizations in each country (Figure 2)", "quantity of the certified organizations in each industry of the world (Figure 3)", "personnel quantity of the certified organizations in each industry of the world (Figure 4)". In addition, the results of analysis and discussion of the obtained information according to each indicator were presented.

2. A general tool (table 2) was offered for determination of priority and systematization of consideration and study of the accumulated experience results in the world on development and implementation of the requirements of international standard SA 8000. According to this tool, the accumulated experience was classified on such indicators as "quantity of organizations", "quantity of personnel", "industry", and "continent".

3. With the purpose of increasing competitiveness of national organizations and delivery volume of national organizations products and services to other countries, the general guidance recommendations when decision-making for development and implementation of social responsibility management system on the basis of international standard SA 8000 requirements were determined.

4. It was shown that the most quantity of organizations having certified management system in conformity with the requirements of international standard SA 8000, and also the most quantity of personnel in certified organizations was concentrated in Asia.

5. It was found that the most widespread branches of industry in regard to the certification of their management systems in conformity with the requirements of this standard are such branches as construction, apparel, and textiles industries.

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