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# The ISO and Corporate Social Responsibility

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Issue Briefing Note:

# Stakeholder Engagement, ISO and Corporate Social Responsibility

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This is one of three Issue Briefing Notes produced by a partnership of six sustainable development-oriented non-governmental organizations, including three international organizations and three organizations based in developing countries.

The partners are the International Institute for Sustainable Development, the International Institute for Environment and Development, IUCN – The World Conservation Union, the African Institute of Corporate Citizenship, Development Alternatives and Recursos e Investigación para el Desarrollo Sustentable.

The Issue Briefing Notes present a general overview of three issues that deserve particular attention in discussions on the possible development by the International Organization for Standardization (ISO) for international Social Responsibility standards. They address issues related to small and medium-sided enterprises (SMEs); stakeholder capacity to engage in corporate social responsibility (CSR); and national differences in CSR definitions and priorities. While written with an international focus, the papers are drawn particularly on insights from Chile, India and South Africa. For more information, please visit <http://www.iisd.org/standards/csr.asp>

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## ***Summary of key points***

- ISO's approach to stakeholder engagement should be informed by an understanding of the current constraints to stakeholder engagement in the CSR agenda as a whole.
- ISO itself must accept some responsibility for tackling financial and human capacity challenges that work against multi-stakeholder engagement in the CSR agenda by playing a more proactive role in advocating broad-based multi-stakeholder participation and influence in the CSR agenda.
- ISO needs to go beyond providing opportunities for stakeholders to participate in the development of any CSR-related standard to creating the circumstances in which those opportunities are likely to be realized.
- ISO's efforts to address the lack of developing country stakeholder participation in standardization need to be stepped up including through enhanced availability of financial resources for engagement, non-technical guides and technical assistance.
- ISO should develop a guide for national standards bodies on stakeholder engagement in CSR-related standards-setting. This should provide guidance on proactive steps to encourage broad-based stakeholder engagement, and tailored guidance on the application of key ISO rules of procedure—including ISO's specific definition of "consensus."
- In the event of a decision to proceed with a CSR-related standard, ISO should at the earliest possible stage develop a guide for potential participants, incorporating an overview of the relevant ISO rules of procedure; guidance on different entry points to the process; and an outline of the sources of financial resources, assistance and additional advice on how to engage.
- Any ISO CSR-related outputs will need to be capable of providing non-prescriptive meaningful guidance to businesses on issues of stakeholder engagement. They should draw on, or make links to, existing guidance—for example the AA1000 family of standards and the outputs of the Business Partners for Development process.

## **Introduction**

This paper outlines links between the theme of multi-stakeholder engagement within the corporate social responsibility (CSR) agenda and the development of any ISO output on social responsibility.<sup>1</sup> It addresses the links in two ways. First by looking to the theme of multi-stakeholder engagement to inform development of an appropriate process for CSR-related work within ISO and its member bodies. Second (though in less detail in this paper) to help orient future discussions on how the content of any ISO output might itself address multi-stakeholder engagement. The two are closely related: at a minimum, ISO's own processes for developing CSR-related outputs should stand up to scrutiny against the stakeholder engagement provisions of those outputs.

Our basic starting point for understanding the notion of a "stakeholder" encompasses the full range of individuals and organizations who are affected, influenced or impacted by businesses or any particular business and those with potential themselves to influence, impact or affect business.<sup>2</sup> This broad definition throws up a number of challenges. ISO and its processes will need to be equipped to deal with delicate balancing acts and judgments around central questions including: "which stakeholders" (given the broad range of potential stakeholders), "whose interests?," "on the basis of what threshold trigger?," and "to what extent, and by what means should the interests of unrepresented stakeholders, be addressed—and by whom?"

The notion of "engagement" potentially spans passive and active modes of engagement. They include disclosure and transparency by businesses to their stakeholders, and direct involvement, consultation or partnership with stakeholders. This paper is relevant to all of these forms of engagement, but it focuses in particular on efforts by businesses directly to engage with external stakeholders in two-way or multi-directional exchanges of information, ideas, skills and resources.

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<sup>1</sup> "Social responsibility" is the term used in the advisory group on social responsibility. However, this paper focuses only on the social responsibility of businesses and, therefore, we use the term "corporate social responsibility" (CSR) or "CSR-related" throughout.

<sup>2</sup> Other definitions from within the wider standards community are equally broad. The first of ISO's member organizations to publish a draft social responsibility-related standard, Standards Israel, defined stakeholders as: "All the parties affected by the activity of the organization or affecting it, such as employees, customers, suppliers, business partners, retailers, the community, social and environmental organizations, public authorities and stockholders." In the AA1000 framework standard, which was designed to improve organizational accountability and performance by learning through stakeholder engagement, stakeholders are defined as "those groups who affect and/or are affected by the organization and its activities."

In standards development, ISO will need to provide “opportunities” for stakeholders to participate in the development of any ISO CSR-related output. But it will also need to go further, helping to create the circumstances in which those opportunities are likely to be realized. Standards-related processes need to anticipate and respond to capacity limitations. They need to incorporate (or at the very least be associated with) proactive capacity-building measures to ensure equitable participation. A serious commitment from ISO to address these challenges could help to build trust with those skeptical of the added value of ISO engagement in CSR.

ISO’s processes will also need to deliver outputs that are capable of providing or at least pointing to meaningful guidance to businesses on how to manage stakeholder engagement. Many businesses are likely to judge the utility of any ISO CSR-related outputs in terms of their ability to provide substantive guidance on these issues.

### ***Overall capacity constraints to multi-stakeholder engagement in CSR***

For multi-stakeholder engagement to be equitable among different stakeholder interests—whether in the development or implementation of any ISO CSR-related standard—the sources of negotiating power among stakeholders should not be so unevenly distributed that “weaker” interests are inevitably trumped by more powerful or dominant voices. Consensus cannot result.

Capacity-building efforts can help stakeholders to recognize and realize existing sources of negotiating power. Assessment of existing capacity constraints to engagement and potential capacity-building investments is therefore an important part of any serious effort to approach multi-stakeholder engagement. This has implications both for ISO’s own processes, and for the substantive content of any CSR-related output. At both levels, the ISO family of organizations will need to get beyond the “usual suspects” to engage with stakeholders whose interests and views have so far been under-represented not only in ISO but also in the mainstream CSR agenda including community-based organizations, local groups, public sector agencies from middle and low income countries, and SMEs.

As a first step, it will be important for ISO and its member bodies to have an understanding of the overall constraints to stakeholder engagement in the CSR agenda as a whole. These, in part, result from the overall “enabling environment” for public participation and access to information at the national or local level; the cultural dynamics for public participation in national or local CSR agendas; and the effectiveness of the press and media. The degree of stakeholder participation in organizations and the willingness of stakeholders to engage are dynamic processes, subject to incentives and obstacles posed by the social environment and local cultural characteristics.

By way of example, and taking consideration of differing national contexts: in India, the need to enhance the capacity of local people to make responsible and informed demands on public and private systems for improving transparency, accountability and responsiveness has been identified as a key issue of administrative reform. In Chile, though there is already much public discussion around CSR, yet there is as yet very little experience with national CSR standards-setting processes. In South Africa, historical circumstances and a variety of legislative and partnership-based initiatives have helped to shape an overall public policy environment that is highly supportive of public participation and access to information. Yet with few exceptions, South African companies still tend generally to engage with non-economic stakeholders on a rather reactive basis.

Even when businesses are committed to stakeholder engagement, their efforts to do so will be frustrated if the capacity of other stakeholders to engage is limited. The overall economic climate may adversely affect the willingness of some stakeholder groups—for example consumers—to engage with the CSR agenda. Lack of interest and awareness of CSR is a general constraining factor. NGOs who are skeptical about businesses may also lack a detailed understanding of business operations. Even local NGOs with a strong environmental or social background, employing people with skills to engage corporations on CSR issues may not have the financial resources to engage effectively.

Both standards-setters and businesses implementing social responsibility standards need to appreciate that many stakeholders without funding are unable to participate. That in turn points to a significant need for additional sources of arms-length funding that respects the independence and differing perspectives of a variety of stakeholder groups if the promise of stakeholder engagement is to be met. While there is a common perception that this issue is limited to NGOs based in developed countries, the constraints of financial resource considerations are common to many NGOs around the world. Particular attention needs to be paid to the issues faced by community-based organizations who represent local community interests in both poor and wealthy communities.

Where wealthier communities have representation by people with greater skills and ... financial capacity to engage legal representation, corporate responsibility is played out more effectively. – *African Institute of Corporate Citizenship*

Often it is the poorest who are most vulnerable to environmental and social stress which can be caused by big investment projects. – *RIDES*

The public policy implications of CSR-related standards—particularly those developed through the mainstream standards community<sup>3</sup>—mean that ISO itself must accept some responsibility for tackling financial and human capacity challenges that work against multi-stakeholder engagement in the CSR agenda. ISO should prioritize its efforts in relation to the standards-setting process itself. But any CSR-related standard should also guide businesses on practical ways to overcome capacity constraints to engagement. And ISO and its members themselves could play a more proactive role in advocating broad-based multi-stakeholder participation and influence in the CSR agenda as a whole. Doing this is entirely complementary of the core values of inclusion that inform the formal principles of decision-making across the mainstream standards community as a whole.

### ***Multi-stakeholder engagement in ISO CSR-related processes***

As we have hinted already, ISO’s work on CSR deliverables will be judged not only on the usefulness of its final products, but also on the basis of its willingness to engage actively with a broad range of stakeholders, and the effectiveness of the procedures and structures that it puts in place to facilitate this engagement process. At a time when the content of any CSR-related outputs is unclear, the guiding principle should be to identify and integrate “best practice” processes of multi-stakeholder engagement.

If CSR-related standardization is not based on adequate multi-stakeholder engagement, there are likely to be two consequences. First, any resulting CSR-related standard will likely lack credibility among some stakeholder groups—a significant weakness in an agenda that is largely shaped by social expectations of businesses. Second, it is less likely to contain good advice on stakeholder engagement, which will almost certainly make it less useful to those organizations that it addresses, and so weaken its take-up.

The call for enhanced “stakeholder engagement” in standards-setting is already familiar. Early on in ISO’s CSR-related process, a report to ISO COPOLCO on the desirability and feasibility of ISO CSR standards<sup>4</sup> underscored the importance of

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<sup>3</sup> For example, under provisions of the World Trade Organization’s Agreement on Technical Barriers to Trade, or in terms of the potential impact of an ISO CSR standard on pursuit and implementation of public policy goals around the world—particularly if it were to provide the basis for CSR-related requirements in the supply chain.

<sup>4</sup> *The Desirability and Feasibility of ISO Corporate Social Responsibility Standards*, prepared by the Consumer Protection in the Global Market working group of the ISO Consumer Policy Committee, May 2002. Available online via [http://europa.eu.int/comm/employment\\_social/soc-dial/csr/isoreport.pdf](http://europa.eu.int/comm/employment_social/soc-dial/csr/isoreport.pdf)

multi-stakeholder engagement—both in standards development processes and in any substantive standard. The Advisory Group on Social Responsibility has more recently recommended<sup>5</sup> that ISO review its processes and, where necessary, make adjustments to ensure meaningful participation by a fuller range of “interested parties.”

The current reality is that levels of non-business and developing country engagement in ISO remain low and funding to enhance participation by stakeholders from developing countries is scarce. While ISO’s procedures are technically open to all interested parties, the reality is that the vast majority of representatives involved in existing ISO standardization activities come from the business community and from OECD countries in particular. This is due to a variety of historical reasons, including the fact that until recently most ISO standards were primarily of interest to the private sector, and also because companies would fund their own participation in the development of standards in which they had a financial interest. Notwithstanding the “business case” for CSR, there is less of a direct cost-benefit relationship with standards that address public goods.

At times, priorities of developing countries are different to the developed ones. Since international agreements are initiated by the latter, the former has no clue as to how to respond and what interests to protect. They prefer to remain passive and wait for the rules to come out. Also there is lack of adequate database to put up argument in international bodies. The respective bodies are unable to analyze the implications of standards while voting for them. – *Development Alternatives, India*

To our knowledge there has so far been extremely limited participation by civil society-based groups in the national standards body processes of middle and low-income countries. For example taking the example of Chile, international level participation in meetings of TC207 has been limited to the national standardization body, INN, together with private sector representatives—particularly from the forestry and mining sectors. In India, a system for stakeholder engagement is in place, including through publication of draft standards and direct engagement of selected industry associations and stakeholder groups. But in practice the approach is a top down one, with low levels of penetration to affected stakeholders and low levels of stakeholder awareness of the implications of standardization. Lack of capacity on the part of key non-governmental organizations, industry associations and the Bureau of Indian Standards itself to proactively collect and assimilate stakeholder views more widely is a further barrier.

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<sup>5</sup> ISO/TMB AG CSR N32; available at: <http://www.iso.org/iso/en/info/Conferences/SRConference/report.htm>

The lack of participation by developing countries in standards-related processes to date is a major concern for any possible CSR-related standardization. ISO has undertaken a number of initiatives to try to address this issue, including through a Committee on Developing Countries (DEVCO)<sup>6</sup>—but these have so far been insufficiently supported by ISO members and the donor community. Indeed, the task is huge, and much more needs to be done to try to increase engagement of both the business and non-business community in developing countries. In particular, we suggest that the ISO secretariat should as a matter of urgency begin discussions with bilateral development agencies and other funding agencies working on standardization and corporate social responsibility to make the “ISO business case” for investing in building the capacity of stakeholders based in developing countries to engage with any social responsibility process, both in terms of standard-setting and the implementation of any resulting standard.

We agree with the suggestions outlined in an informal note of the Advisory Group on Social Responsibility outlining areas where improvements could be made to the ISO process. These include “more effective involvement of NGOs and workers” organizations, inclusion of all interested and affected parties, accommodation of developing countries” capacity to participate, accommodation for participants whose native language is not English, consideration of processes that work for small and medium enterprises, enhanced transparency and timeliness in developing deliverables.”<sup>7</sup>

Efforts to review ISO processes for the purposes of any CSR-related standards processes must also be linked to a fresh approach to applying the principle that lies at the heart of ISO decision-making; namely the principle of consensus. ISO’s rules of procedure define consensus as:

“General agreement, characterized by the absence of sustained opposition to substantial issues by any important part of the concerned interests and by a process that involves seeking to take into account the views of all parties concerned and to reconcile any conflicting arguments. NOTE Consensus need not imply unanimity.”

Ensuring full and effective stakeholder participation in all stages of the standards development process is essential if the consensus principle is to have real life. Yet the ISO definition allows for “consensus” to be achieved in the face of sustained

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<sup>6</sup> See <http://www.iso.org/devco>

<sup>7</sup> ISO/TMB AG CSR N6 Rev

opposition by “unimportant” parts of the concerned interests; in the face of sustained opposition to issues deemed “insubstantial” (the definition is silent as to whose notion of “substantial” should prevail); and, potentially, in the face of any opposition from “concerned interests” who are not present in the negotiating room. In practice, there have been many instances of ISO working groups and subcommittees putting decisions to a vote; in some cases, those votes are open only to those members who are in attendance at a particular meeting.<sup>8</sup>

Even if the ISO definition of consensus itself is not revisited, there is clearly scope for the application of the ISO version of the “consensus” principle to undermine principles of “equitable” stakeholder engagement. It is beyond the scope of this paper to provide detailed guidance on how the definition should be applied in “threshold” cases (e.g., in relation to unrepresented stakeholders). What is clear is that the notion of multi-stakeholder engagement in the CSR agenda clearly calls for ISO to achieve a better balance across the following areas of activity:

- Wider advocacy and support of efforts to build the capacities of stakeholders to engage with the CSR agenda more widely
- Support for capacity-building investments to build an informed body of stakeholders equipped with the information and skills to effectively engage in ISO CSR-related processes. More widely, the results of the Regional and International Networking Group (RING) project on “standards for sustainable trade”<sup>9</sup> have generated widely applicable suggestions for practical ways in which to strengthen the participation of developing country stakeholders in standards design at both national and international levels. Efforts to build capacities for engagement in CSR-related standards processes should be linked to these much-needed wider capacity-building investments. Box 1 below highlights specific transferable recommendations based in the experience of a number of Latin American countries.
- Proactive efforts at the level of national standards bodies and the ISO Secretariat to secure the engagement and effective influence of the fullest range of stakeholders in CSR-related standardization.
- A recognition that the notion of a “substantial” issue must be defined by the stakeholders themselves
- Revisiting the use of voting in standards-related processes based on consensus. Voting should not be used unless there is a very high degree of confidence that earlier efforts have resulted in the widest possible participation of “concerned interests” and that there are means of allowing some space for consideration of unrepresented interests.

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<sup>8</sup> Source: Process requirements for ISO CSR standardization, ISO/TMB AG CSR N15

<sup>9</sup> See generally [http://www.iisd.org/standards/project\\_outputs.asp](http://www.iisd.org/standards/project_outputs.asp)

The ISO Directives provide for Category A liaison organizations to play a direct role in the development of international standards. Under Clause 1.17.5, technical committees should: “seek the full and, if possible, formal backing of the organizations having A-liaison status for each International Standard in which the latter are interested.” We suggest that expectations for how this will be applied any CSR-related standards process should be clarified at the earliest possible stage.

**Box 1: Capacity building for participation in standards design**

<b>Participation at the National Level</b>	
Public relations effort of national standardization bodies in order to better disseminate their role and better integrate with other relevant actors.	Standardization, metrology and conformity assessment organizations, as well as technical regulations bodies are not broadly known by other actors in the majority of the countries. This situation limits the ability of the standardization bodies to interact and assemble the different actors.
Promote/develop coordination instances between regional and/or national environmental and trade agencies. One effective way to go about this would be through the implementation of national mirror committees (e.g., TBT, SPS, ISO Committee 207, etc.).	The poor communication and coordination between trade, environmental and standardization agencies was evident through the research work, particularly in the cases of Paraguay and Chile.  Few countries have these committees implemented and operating in a permanent basis.
Training to standardization organizations on public participation and conflict management.	Standardization organizations need formal training in order to substantially improve the way they carry out participation programs.
<b>Participation at the International Level</b>	
Nationals strategies for standardization—to be developed—should determine a strategy for participation at the international level (e.g., in ISO, IEC, ITU, WTO-TBT, etc.). This could be a more explicit endeavor of the regional standardization bodies through, for instance, actively involving negotiators in their meetings.  Participation at the international level should also include provisions for securing the participation of standardization professionals in trade agreement negotiations.	According to the interviews carried out and the participants in the regional meeting, an opportunity exists for more efficient international participation, and for a more coordinated effort among South American countries.

### Participation at the International Level

Review and enhance the electronic infrastructure and capabilities of standardization organizations (internet access, broadband connectivity, website capabilities, etc.).

Important disparities between countries do exist and may become impediments to an effective performance.

Enhance negotiating capacities of standards-related negotiators.

Negotiators need to be fluent in English and should have formal training on negotiation.

Experience of NGO engagement in TC207 has pointed to a number of important obstacles to effective NGO engagement, which could usefully be considered more widely. In particular, the organization of ISO along national boundaries, not stakeholder groups, when coupled with the application of the consensus principle, can mean that “the views of minority stakeholders in many countries get obscured at the international level, both in terms of how minority concerns can be lost when national positions are communicated at the TC level, how formal votes are taken, as well as in the selection of national delegates and what they can say at meetings.”<sup>10</sup>

While national standards bodies have considerable flexibility to determine their own rules of procedure and find ways of including non-governmental organizations and other non-business stakeholders in their deliberations, in practice there can be many obstacles in the way of wider participation. These include a lack of proactive efforts to seek out interested parties, the often highly technical nature of standards-related processes and the jargon associated with them, and internal bureaucratic obstacles to doing what is unusual. This is not to suggest that, given a willing NGO with capacity to engage, the obstacles are insurmountable. The Chilean national standards body, INN, has been pleased to welcome the engagement of the sustainable development NGO RIDES in the ISO CSR initiative—and to receive information, via RIDES, on CSR discussions within ISO. Nonetheless, experience has shown that it is not enough to assume that the *possibility* of including a wide range of stakeholders in standards-related processes will ensure the achievement of this goal. More proactive steps are needed.

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<sup>10</sup> ISO/TC 207/ N590; “Increasing the Effectiveness of NGO Participation in ISO TC207,” available at: <http://www.ecologia.org/ems/iso14000/ngoinvolve/taskgroup/N590%20030319.pdf>.

There is a role for ISO centrally in providing guidance to its member bodies on issues of stakeholder engagement; and to stakeholders more widely on involvement in standards-related processes. A helpful guide has already been prepared for NGO participation in ISO/TC 207.<sup>11</sup>

A broad equivalent should be developed at an early stage for potential participants in any future CSR-related processes within ISO. This should incorporate an overview of the relevant ISO rules of procedure; guidance on different entry points to the process, and an outline of the sources of financial resources, assistance and additional advice on how to engage.

We concur with the recommendation of a paper prepared by the NGOs involved in ISO TC207 on structural and procedural obstacles to stakeholder engagement in TC207 that each national standard body should: “have a process in place for identifying stakeholders, seeking their active involvement, communicating with them, eliciting their comments on drafts, developing consensus positions, and composing the national delegations to international meetings.”<sup>12</sup>

The theme of multi-stakeholder engagement is already reflected within the wider community of CSR-related standards. ISO and its members will need to draw on this existing body of standards and experiences of multi-stakeholder engagement within the wider CSR community:

- Pointers to best practice in standards development can be found in the practice of the International Social and Environmental Accreditation and Labelling Alliance (ISEAL), a membership based grouping of certification and standards bodies outside the formal standards community. ISEAL has recently adopted a Code of Good Practice for Setting Social and Environmental Standards. The Code calls for standard-setting organizations to ensure that in the absence of consensus “no group of interested parties can dominate nor be dominated in the decision-making process.”<sup>13</sup> It goes further, calling for standards-setters to be proactive in identifying and involving “disadvantaged groups.”<sup>14</sup>

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<sup>11</sup> ISO/TC 207/NGO-TG N20; “A Guide for NGO Participation in ISO/TC 207”; Available at: <http://www.ecologia.org/ems/iso14000/ngoinvolve/taskgroup/NGOGuideTC207.pdf>

<sup>12</sup> ISO/TC 207/ N590; “Increasing the Effectiveness of NGO Participation in ISO TC207,” available at: <http://www.ecologia.org/ems/iso14000/ngoinvolve/taskgroup/N590%20030319.pdf>, at paragraph 4.2.2

<sup>13</sup> [http://www.isealalliance.org/documents/pdf/P005\\_PD3.pdf](http://www.isealalliance.org/documents/pdf/P005_PD3.pdf), paragraph 5.6

<sup>14</sup> [http://www.isealalliance.org/documents/pdf/P005\\_PD3.pdf](http://www.isealalliance.org/documents/pdf/P005_PD3.pdf), paragraph 7.4

- The AA1000 family of standards, developed by the U.K.-based Institute for Social and Ethical AccountAbility, are a further source of inspiration—both in terms of standard-setting and the substantive stakeholder engagement-related content of any ISO CSR-related output.<sup>15</sup>
- The inclusive processes through which the Global Reporting Initiative (GRI) has developed its reporting guidelines also deserve special consideration.
- There may be ways to increase the effective influence of some marginalized stakeholders through the adoption of innovative governance structures. Here ISO could usefully look to the governance structures of some existing standards-related processes outside the formal standards community, for example those of the Forest Stewardship Council.

### ***Multi-stakeholder engagement in the substance of an ISO output***

Multi-stakeholder engagement is a central theme of the corporate social responsibility agenda. CSR calls for businesses to be responsive, answerable and accountable, not only to their shareholders, investors and lenders and regulators, but also to their “stakeholders”—employees, consumers, community members and policy-makers, among others. But why should businesses—or some businesses—choose to engage in this way with their stakeholders? Consequently, what is the likelihood that an ISO output that addresses issues of stakeholder engagement will be attractive to businesses? The answers to these questions lie with the “business case” and the wider “societal” case for engagement.

A business case for stakeholder engagement can be made on a number of grounds, which include reputation management, strengthening of internal management systems through development of appropriate feedback loops and internal information flows; reduced staff turnover and ability to attract the best possible employees; enhanced levels of trust including at community, shareholder and regulator level—with potential benefits in terms of access to capital; peacebuilding by helping to support stable social relations at local level; and strengthening the so-called “social licence to operate.”

There is also a broader “societal” case for multi-stakeholder engagement. This includes the notion that the functioning both of markets and of democratic societies is strengthened by a free flow of information among different parties and by rights of public participation, organization and access to information.

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<sup>15</sup> See <http://www.accountability.org.uk/aa1000/default.asp?pageid=122> for an overview of the ways in which the AA1000 group of standards have been applied.

Many of the complex societal problems that face humanity in an era of economic globalization are most appropriately addressed when different stakeholder groups work together for the common good. Governments, businesses and civil society groups alone cannot solve the global problems of HIV and AIDS—but by maximizing their distinct contribution, and acting in collaboration with others, the capacities of all sectors of society can be harnessed for the common good. The result is a huge rise in partnership-based approaches to pursuing CSR and sustainable development.<sup>16</sup> These partnerships both arise out of stakeholder engagement and depend upon it for their success.

These “business” and “societal” cases for multi-stakeholder engagement provide the basis of an “ISO business case” for multi-stakeholder engagement in the development of a social responsibility standard.

Our initial view is that efforts to integrate stakeholder engagement into the *substance* of any CSR-related ISO output should not be prescriptive. Instead, they should seek to offer best practice guidance, set out general principles or objectives, or point to sources of detailed guidance which may have been developed outside the ISO family of organizations.

Going “too far too fast” on stakeholder engagement in the substance of any CSR-related output could significantly reduce its take-up given that the business case for engagement is far from uniform. There are risks in basing a CSR-related standard on a foundation of stakeholder engagement in circumstances where, for a variety of reasons beyond the control or influence of an individual business, stakeholders are unable or unwilling to play the role planned for them. Any CSR-related process will need to arrive at a balance between stakeholder engagement as a principal tool for defining business approaches to CSR and the distinct value of defining minimum standards of business behaviour that are appropriately defined globally while implemented locally—for example in relation to human rights or core labour standards. If an ISO standard is not flexible enough to enable local stakeholders to get their issues addressed, they will have very little interest in being involved in either the development process or in engagement with companies that are implementing it. On the other hand, if local stakeholders do not have the capacity to engage effectively, they will not be able to provide input and guidance to organizations on the scope of their SR programmes. This underscores both the importance and the complexity of understanding the capacity constraints facing stakeholders.

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<sup>16</sup> See generally the outputs of the Business Partners for Development Natural Resources Cluster, available online at <http://www.bpd-naturalresources.org>

## **Conclusions**

The theme of multi-stakeholder engagement is centrally important to the CSR agenda as a whole. Existing shortcomings in ISO and national standards body processes for engaging with non-business stakeholders have also been a significant source of criticism in the past. The goal for any ISO CSR-related process should be “best practice” multi-stakeholder engagement.

This short report has highlighted a number of important constraints to effective stakeholder engagement in any ISO CSR-related process. ISO and its member bodies cannot be expected to tackle all of the constraints, but it is important that they develop a well-rounded understanding of them so that they are able to maximize their positive contribution to tackling the constraints at the level of the wider CSR agenda as a whole; at the level of stakeholder engagement in standardization generally; at the specific level of multi-stakeholder engagement in CSR-related standardization; and at the level of substantive provisions to address stakeholder engagement in the content of any standard.