



# 4 WAYS INDEPENDENT ASSESSMENTS AND AUDITS CAN ENHANCE CORPORATE SOCIAL RESPONSIBILITY



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Business leaders who want to be socially responsible often find it difficult to do on their own. There are many reasons, including not having established benchmarks in place and roadblocks in turning those aspirations into concrete action. Many organizations work hard to remain compliant with industry and federal regulations, but they don't go beyond minimum requirements.

Independent audits and assessments represent one way organizations can show they are investing in socially responsible acts that benefit their workers, the company, the greater community, and the environment.

One example that encompasses all of these aspects is when DEKRA audited Hilton Worldwide's management systems and certified Hilton to the [ISO 50001 standard for Energy Management](#), the [ISO 9001 standard for Quality Management](#), and the [ISO 14001 standard for Environmental Management](#). This global certification made Hilton one of the first multinational organizations to certify its entire system globally – across more than 5,300 properties in more than 100 countries, achieving one of the largest-ever volume certifications of commercial buildings.

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Another case is that of the international electronics manufacturer Lenovo Group Ltd., which DEKRA certified to two international management system standards: ISO 9001:2015 (Quality Management) and ISO 14001:2015 (Environmental Management). The certification process was extensive, with audits taking place at seven sites in six different countries and reviewing the company's global management systems and processes in design, development, manufacturing, distribution, and sales of their computer products and data center services.

Yuanqing Yang, Chairman and CEO of Lenovo, said the audits were "a fundamental component of our company culture [to show] business processes that ensure we meet customer, social, legal, and environmental responsibilities."



## Four Major Benefits

Indeed, organizations that embrace audits and assessments do so for different reasons: reducing their environmental impact, bettering their reputation, reducing costs, improving competitiveness, and driving continual improvement.

Though they might seem separate, these motivations are all linked via corporate social responsibility: reducing environmental impact can cause both improved customer sentiment and reduced costs through reduced usage of resources; both of these improvements can result in a competitive advantage; and the focus on continual improvement means that these positive changes can create a cycle that enhances an organization more and more over time.

This can apply to power generation and distribution, chemical manufacturing, metal processing, food and beverage manufacturing, transportation, or nearly any other industry. Every organization can be socially responsible, and every organization can reap the benefits.

There are four main reasons why independent assessments can strengthen an organization's social responsibility:

### 1. It makes them a good corporate citizen.

Stakeholders inside the organization want to show customers that they are doing the right thing with their product or service. Employees like to feel proud, not only of the job they perform, but of where they work, as they understand how customer perceptions of the company affect how people will perceive *them* as individuals. So, any measure an organization can take to improve their processes in a way that is equitable, sustainable, and environmentally sound, and to show that their product is doing no harm, will have a lasting positive impact on both customers and employees.

Local governments also want an industrial partner in their community that is a good citizen. Any negative impact on the local environment will impact governing and could be costly in the future in terms of manpower and resources. For example, if a power plant pollutes a nearby river, it could take years to clean up. Over that time period, the community will spend millions in mitigation efforts, housing values will drop, and people and businesses will move away, which affects the tax base.

### 2. It increases customer loyalty.

[According to a 2019 Accenture survey](#), 83% of respondents believe it's important or extremely important for companies

to design products that are meant to be reused or recycled. Nearly three-quarters (72%) said they are currently buying more environmentally friendly products than they were five years ago. And 81% said they expect to buy more over the next five years.

This consumer behavior suggests that consumers want companies to invest in sustainable efforts that better the communities they serve. This is especially true of younger generations of consumers, who are most likely to place value on sustainability. If companies want to earn younger clients and retain younger talent, they must show that they share their values. If a company has a long track record of unfriendly practices that damage the environment, it will likely be difficult for them to recruit top talent from the incoming generation.

### 3. It keeps the company legally sound.

Federal and regional requirements have standards that require certification to ensure they are conducting certain procedures correctly. However, this becomes trickier when an organization operates dozens or hundreds of plants throughout the country or the world, where regulations can vary, and top leadership may not have full visibility into whether or not regulations are being complied with on a local level.

A certification scheme helps provide that insight through an independent audit process that identifies which regulations need to be addressed in order to ensure compliance with regulatory bodies, an international standard, or a custom benchmark set by a company for its suppliers. An audit creates a trail of documentation that helps ensure systems are in place that reduce risk.

### 4. It is cost-efficient.

Social responsibility often means finding ways to reduce resource usage, such as lowering energy input or waste output. Alongside the environmental and social benefits, implementing standards via independent assessments can save organizations millions of dollars by a third party identifying areas of inefficiency.

In fact, [according to the U.S. Department of Energy](#), substantial potential energy efficiency improvements in the industrial sector could reduce industrial energy demand globally by 26 percent. Clearly, there is a strong business case for energy management done right.



Organizations that take socially responsible action – through certification to an international standard or through independent verification of internal goals – will find competitive advantages both in the eyes of customers and in their financial results, through improved efficiencies and reduced costs. Companies that take advantage of independent audits and assessments will also find themselves earning increased confidence with internal and external stakeholders who are essential to achieving their strategic business goals.

When social responsibility becomes a greater part of an organization's culture, it becomes easier to remain compliant with local and federal regulations. As a built-in component of your processes, social responsibility and regulatory compliance become natural, which results in growing trust among customers and employees.

In a way, the journey to social responsibility leads to a snowball effect: once an organization embraces independent assessments or certification audits as a positive, essential component of their culture, they will see that investment in social responsibility and continual improvement reap increasingly greater benefits.

One key aspect of social responsibility is sustainability. Committing to social responsibility can make a business sustainable – both investing in the sustainability of the earth and the sustainability of the business itself.

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