

Triggering Effectiveness of SA8000 : An Empirical Study on NALCO

Anuja Shukla*

Abstract

Unbeatable hurdles in the establishment of new plants for example POSCO in Odisha, Mittal steel, TATAs NANO plant in singur can be demonstrated that Social responsibility and social accountability is no more an option for organizations but becomes imperative for any business to start and sustain. Meeting social responsibility and social accountability obligations has become the buzz words and survival of the fittest is the rule of contemporary business game. Creating and maintaining a decent workplace has become the main motto of business organizations irrespective of their profitability and productivity as with time, the customers have become conscious and trying to source their requirements ethically and Exploitation of workforces such as forced labor, discrimination, long working hour, low wages, and poor working conditions especially at the weaker sex group has become the intense topic of discussion among business organizations around the world.

Though there are several laws and regulations in many countries, most are ignored or short cut methods are adapted to by pass them. The SA8000 standard was brought out as a voluntary standard so that organizations volunteering to adopt the standard will thrive to create a decent workplace irrespective of the requirements of the laws of the land .The paper being empirical and qualitative tries to demonstrate various triggering effectiveness of SA8000 on a Public Sector Undertaking navaratna company.

Key Words: Triggering, SA8000, Social Accountability, Social Responsibility

* Research Scholar, Dept of Business Administration, Utkal University, Bhubaneswar, Odisha

INTRODUCTION

Social Accountability has acquired new dimensions in the recent years. Today companies are proactively taking up tasks under Social Accountability and thus giving a social value to all the stakeholders. With the enactment of different labor laws and enforcement there of, PSUs were taken as role models from whom private organizations were to emulate from. Satisfactions of social objectives by the PSUs in the form of creation of employment, social infrastructure, were given more importance than the fulfillment of economic objectives. With a view to address the people aspect along with Profit and planet aspects of triple bottom lines and realizing the rising conflicting trends in the basic work conditions across the globe, International Labor Organization (ILO) made few important recommendations for creating decent workplace. CEEPA (Council on Economic Priorities Accreditation Agency) introduced an International standard which is today known as Social Accountability 8000.

Social accountability suggests accountability to the people. It is the measure of an organizations state of being mindful of emerging social concerns and priorities of internal and external stakeholders (community, employees, governmental and non-governmental organizations) management and owners.

SA8000 is the first auditable international standard, developed by SAI (Social Accountability International) in 1997. The main aim is to ensure ethical sourcing and production of products and services and to respect human rights at workplace. It is based on the UN Universal Declaration of Human Rights, Convention on the Rights of the child and various ILO conventions. SA8000 provides transparent, measurable, verifiable standards for certifying the performance of companies in nine essential areas: child labor, forced labor, health and safety, free association and collective bargaining, discrimination, disciplinary practices, working hours, remuneration and management system.

Literature Review

Dominic A. Tarantino (1998) described SA8000 as “the first ever universal standard for ethical sourcing. It provides a common framework for ethical sourcing for companies of any size and any type, anywhere in the world”.

E. Kaufman and P. Sharma (2006) in their paper titled “Quality Management approach to workplace” explains how quality of workplace is increasingly considered as important to business as product quality for which companies attempt to integrate triple bottom line criteria throughout business operations.

The paper highlighted Tata steel, a leading global steel producer based in India's approach towards SA8000. The company's collaboration with Social accountability International (SAI). The paper tries to make a correlation between quality variation and the cost of poor product quality attributable to poor workplace quality that results with various negative impacts on the bottom line directly through defects and rejection and indirectly by asset burnout, various safety and occupational issues.

Sonnie in his research paper titled "Social Accountability in the Philippines" intends to identify and examine in a larger scale, the state of social compliance among Philippine enterprises and to raise the awareness level on social accountability in the Philippine companies. The paper has focused on the Philippines decent work action program reports that the country has ratified 30 ILO conventions on labor standards of which 28 are enforced and given more importance on internalizing the labor standards debate, internalizing commitment to a process of improving standards. Finally concludes that Social Accountability requires a broad social consensus of acceptance and society needs to build trust and confidence with each other for higher social and living standards to develop and spread.

Objective

The major objective of the research is

- To study the concept and evolution of Social Accountability 8000.
- To study the triggering effectiveness of SA8000 among non executives and contract workers in NALCO.

Hypothesis

SA8000 has a positive social impact on non-executives and contract workers.

Research Methodology :- The paper being conceptual, the method followed for writing this paper is qualitative and empirical in nature. The study will be based on both primary and secondary data. The secondary data has been collected from various published sources like the annual reports, In-house Journals, Magazines, Internet, pamphlets, newsletters and newspapers. The primary data has been collected through administering structured questionnaires.

Scope

The scope of the study is limited to a critical analysis of Social Accountability practices in general and applications of SA8000 to a navaratna company in particular.

National Aluminium Company Limited: An Introduction

NALCO is considered to be a turning point in the history of Indian Aluminium Industry. NALCO was incorporated in 1981 in public sector, to exploit a part of the large deposits of bauxite discovered in the east coast. It is an ISO 9001 & ISO 14001, OHSAS 18001 and SA8000 Company, with its products registered in London Metal exchange. It is an exporter of aluminum & alumina to about 30 countries.

Being a NAVARATNA company NALCO has emerged to be a star performer in production, export of alumina and in propelling self –sustained growth. In congruent with NALCOs superb performance in diverse fields, NALCO bagged several prestigious national and international awards, this is ample testimony for the excellent performance of the company in various fields.

NALCO has implemented the following management systems for continuous improvement in effectiveness, efficiency, productivity, and quality: TQM (Total Quality Management), ISO9001 (Quality Management System), ISO14001 (Environment Management System), OHSAS 18001(Occupational Health &, Safety Management System), TPM (Total Productive Maintenance), 5'S, ERP (Enterprise Resources Planning), SA8000 (Social Accountability Management).NALCO being a socially responsible and accountable organization has certified to SA8000 in the year 2009.

Analysis and Interpretation: Non-executives and workers

The study has been analyzed in two parts, one is for analysis of employees and workers and another one is for Executives. Questions asked for workers and employees are same where as for executives it is different. To measure the opinion difference among executives, employees and workers , ANOVA was used and descriptive analysis was also used to measure the deviations among the respondents in five point scale from agree to strongly disagree and the effectiveness of SA8000 is measured through three different scale such as, low, moderate and high.

Between the factors have been mentioned in the table-1, where job type has been categorized in to two types as non-executives and contract workers. In NALCO, 194 non-executives and 199 contract workers have been included in the study in sample out of the total non-executives and contract workers. Further individual factors wise it has been measured through the test of ANOVA and a total 9 factors have been

included as per the parameter of SA8000. These results have been mentioned in different tables

Table-2 : Test of ANOVA: Effectiveness of SA8000 on Child Labor

Table – 1 : Test of ANOVA : Effectiveness of SA8000 on Child Labour

EFFECTIVENESS	ON	Sum of		Mean		
CHILD LABOUR		Squares	df	Square	F	Sig.
Q1	Between Groups	1.146	2	.573	.881	.219
	Within Groups	464.859	390	1.192		
	Total	466.005	392			
Q2	Between Groups	2.103	2	1.051	.940	.192
	Within Groups	436.208	390	1.118		
	Total	438.310	392			
Q3	Between Groups	.754	2	.377	.837	.214
	Within Groups	436.656	390	1.120		
	Total	437.410	392			
Q4	Between Groups	.191	2	.096	.999	.106
	Within Groups	377.218	390	.967		
	Total	377.410	392			

Table 1: Here F-value marked a negligible difference among the responses from employees and worker on Child Labor .So, it reported that no child labor is marked in NALCO

Table – 2 : Test of ANOVA of Effectiveness of Forced Labour

EFFECTIVENESS	ON	Sum of		Mean		
FORCED LABOUR		Squares	df	Square	F	Sig.
Q5	Between Groups	8.334	2	4.167	3.471	.032
	Within Groups	468.261	390	1.201		
	Total	476.595	392			
Q6	Between Groups	.693	2	.347	.796	.144
	Within Groups	457.053	390	1.172		
	Total	457.746	392			
Q7	Between Groups	3.061	2	1.530	1.332	.265
	Within Groups	448.084	390	1.149		
	Total	451.145	392			

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It indicated a absolutely no difference among the responses from employees and workers on Forced Labor in NALCO on SA8000 applicability. So almost no attention is required for its effectiveness as no such differences arise among the cross questions asked to them in response to “Forced Labor”.

Table – 3 : Test of ANOVA: Health and Safety

HEALTH & SAFETY		Sum of Squares	df	Mean Square	F	Sig.
Q12	Between Groups	1.984	2	.992	.879	.416
	Within Groups	440.097	390	1.128		
	Total	442.081	392			
Q13	Between Groups	7.754	2	3.877	4.069	.018
	Within Groups	371.625	390	.953		
	Total	379.379	392			
Q14	Between Groups	1.048	2	.524	.464	.629
	Within Groups	440.453	390	1.129		
	Total	441.501	392			
Q15	Between Groups	2.278	2	1.139	.967	.381
	Within Groups	459.559	390	1.178		
	Total	461.837	392			

Table –3: The ‘F’ value indicates a negligible difference among the employees as value indicates. Above all the attention is moderate in NALCO as the result prevails.

Table – 4: Test of ANOVA: COLLECTIVE BARGAINING SYSTEM (QUESTION WISE)

COLLECTIVE BARGAINING SYSTEM		Sum of Squares	df	Mean Square	F	Sig.
Q19	Between Groups	1.970	2	.985	.832	.436
	Within Groups	461.470	390	1.183		
	Total	463.440	392			
Q20	Between Groups	.311	2	.156	.429	.479
	Within Groups	471.231	390	1.208		
	Total	471.542	392			
Q21	Between Groups	5.997	2	2.998	2.780	.063
	Within Groups	420.573	390	1.078		
	Total	426.570	392			
Q22	Between Groups	2.289	2	1.144	1.051	.351
	Within Groups	424.831	390	1.089		
	Total	427.120	392			

The 'F' values indicate a negligible difference among the questions asked to all of the respondents. So all most no attention is required as they are satisfied on the present system on collective bargaining.

Table – 5 : Test of ANOVA

DISCRIMINATION		Sum of Squares	df	Mean Square	F	Sig.
Q25	Between Groups	1.149	2	.575	.492	.611
	Within Groups	455.019	390	1.167		
	Total	456.168	392			
Q26	Between Groups	1.245	2	.623	.543	.582
	Within Groups	447.304	390	1.147		
	Total	448.550	392			

The 'F' values indicate a negligible difference among the employees as value indicates. So it needs moderate attention.

Table – 6 : Test of ANOVA on Discipline

DISCIPLINE		Sum of Squares	df	Mean Square	F	Sig.
Q27	Between Groups	4.727	2	2.364	2.199	.112
	Within Groups	419.120	390	1.075		
	Total	423.847	392			
Q28	Between Groups	8.467	2	4.234	4.535	.011
	Within Groups	364.042	390	.933		
	Total	372.509	392			

The 'F' value indicates a negligible difference among the employees as value indicates. It indicated a remarkably high effectiveness on Discipline maintained in NALCO.

Table – 7 : Test of ANOVA for effectiveness on Working Hour (question wise)

WORKING HOURS		Sum of Squares	df	Mean Square	F	Sig.
Q29	Between Groups	1.465	2	.732	.610	.544
	Within Groups	468.296	390	1.201		
	Total	469.761	392			
Q30	Between Groups	.501	2	.250	.217	.505
	Within Groups	450.003	390	1.154		
	Total	450.504	392			
Q31	Between Groups	.872	2	.436	.390	.478
	Within Groups	436.339	390	1.119		
	Total	437.211	392			

The 'F' values indicates a negligible difference among the employees as significance value indicates much lower in all the questions asked to the respondents So it is presumed that the working hours maintained exactly as per the act specifies and the effectiveness is moderate

and high .

Table – 8 : Test of ANOVA on Remuneration for effectiveness of SA8000

REMUNERATION		Sum of Squares	df	Mean Square	F	Sig.
Q33	Between Groups	2.871	2	1.435	1.065	.346
	Within Groups	525.424	390	1.347		
	Total	528.295	392			
Q34	Between Groups	1.669	2	.835	.778	.460
	Within Groups	418.468	390	1.073		
	Total	420.137	392			
Q35	Between Groups	1.991	2	.996	.781	.459
	Within Groups	497.154	390	1.275		
	Total	499.145	392			

The ‘F’ value indicates a negligible difference among the employees and workers as significance value indicates on all the questions asked to them individually. So, it is presumed that overall moderately satisfied on remuneration they get out of their job in the organization.

Table – 9 : Test of ANOVA for effectiveness on Management System

MANAGEMENT SYSTEM		Sum of Squares	df	Mean Square	F	Sig.
Q38	Between Groups	.756	2	.378	.304	.438
	Within Groups	485.412	390	1.245		
	Total	486.168	392			
Q39	Between Groups	3.542	2	1.771	1.643	.195
	Within Groups	420.204	390	1.077		
	Total	423.746	392			
Q40	Between Groups	.060	2	.030	.432	.569
	Within Groups	371.456	390	.952		
	Total	371.517	392			

The 'F' value indicates absolutely no difference among the employees and workers as significance value indicates low in the three questions asked to them. So it can be concluded that the management system is mostly moderately effective under SA8000 in NALCO.

FINDINGS:

The findings of the study were concluded with the following results and the effectiveness of SA8000 is mostly high and moderate and no attention is required for child labor, forced labor, collective bargaining system, discipline, working hours that indicated the good practices maintained by NALCO for these factors and health and safety, discrimination, remuneration, management system factors need moderate attention by the management.

CONCLUSION:

SA8000 is a move towards assigning highest importance to the human element in the organization effectiveness. NALCO as the first Public Sector Undertaking in Odisha has ventured to implement SA8000 in its Social responsibility and Social Accountability obligations towards the society. It may be too premature to conclude at the stage regarding the effectiveness of the standard, but continual adherence to the standard on a sustained basis will certainly reap the social benefits as a model employer.

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