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JOURNAL OF RURAL COOPERATION



Centre international de recherches sur les communautés coopératives rurales
International Research Centre on Rural Cooperative Communities
המרכז הבינלאומי לחקר קהילות כפריות שיתופיות

CIRCOM

CIRCOM, International Research Centre on Rural Cooperative Communities was established in September 1965 in Paris.

The purpose of the Centre is to provide a framework for investigations and research on problems concerning rural cooperative communities and publication of the results, to coordinate the exchange of information on current research projects and published works, and to encourage the organization of symposia on the problems of cooperative rural communities, as well as the exchange of experts between different countries.

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The Cooperative Difference? Social Auditing in Canadian Credit Unions

by
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Abstract

This paper reports research on three Canadian credit unions which have made an ongoing commitment to social auditing and which have conducted more than one social audit. For these credit unions social auditing offers one way to promote and demonstrate accountability, and provides information which can guide credit unions' operations and policy development. Analysis of the three cases permits documentation of different ways of approaching the idea and execution of a social audit, and contributes significantly to our knowledge of what social auditing can mean for the credit union and the cooperative sector. The analysis is based on public and internal organizational documents, informant interviews, discussions at conferences and workshops, and participant observation. The research also provides insights into the issue of embedding social auditing in organizations which have once conducted an audit. The experiences of these three credit unions are relevant to all credit unions and cooperatives which wish to address issues of the double (financial and social) bottom line, accountability, and stakeholder relations.

Introduction¹

This paper reports research on the only credit unions in Canada which have made an ongoing commitment to social auditing and which have conducted more than one social audit.² These credit unions believe that social auditing offers one way to promote and demonstrate accountability, and provides information which can guide

¹The author gratefully acknowledges the expert assistance provided by Rachel Martin of Ethics Matters, and the contribution made by the various credit union activists who gave me information and shared their insights along the way. I also thank the three credit unions without whose support this study could not have been executed.

²I focus on credit unions not *caisses populaires*. This means I cannot speak on the Bilan Social process of the Desjardins movement in Québec which resulted, in 1990, in almost 2/3 of the *caisses* producing social audit reports (Bold, 1991:98). One of the credit unions studied, Church credit union, was influenced by the Desjardins experiences.

credit unions' operations and policy development. While not the only way to address concerns of accountability and strategic planning, and while needing to be part of an overall social responsibility strategy if it is to be most effective, social auditing can be valuable in a number of ways.

Analysis of the three cases permits documentation of different ways of approaching the idea and execution of a social audit, and contributes significantly to our knowledge of what social auditing can mean for the credit union and the cooperative sector. This research also provides insights into the issue of embedding social auditing in organizations which have once conducted an audit. The experiences of these three credit unions are relevant to all credit unions and cooperatives which wish to address issues of the double (financial and social) bottom line, accountability, and stakeholder relations.

Social Auditing

Two points are generally made in material promoting social auditing: 1) it makes good sense, allowing organizations to evaluate performance in relation to social commitments and goals; 2) it offers an effective response to changing expectations in the business environment, including expectations that corporations demonstrate social responsibility (for example, see Brooks, 1997; Craig and Gross, 1982; Conference Board of Canada, 2000; Gray *et al.*, 1995; Svendsen, 1998). Two helpful definitions of social auditing show it to be an accountability tool and a management tool. The New Economics Foundation (NEF), which conducts social audits emphasizing a stakeholder approach describes social auditing as "...the process whereby an organization can *account* for its social performance, *report* on and improve that performance. It assesses the social impact and ethical behavior of an organization in relation to its aims and those of its stakeholders" (Pearce *et al.*, nd:1). Practitioner Davenport (1998) describes social auditing as "...a management tool for assessing corporate citizenship...[including] assessment [of]...ethical business practices, environmental performance, and stakeholder relationships". Though definitions may have common elements, there is for now no agreement on a standard audit. Audits must be demonstrably credible, though there is some debate whether to be worthwhile it has to be externally verified, and must occur regularly, not as a one-shot project.

For our purposes, social auditing in credit unions can be seen as a *tool* – profiles the organization's social objectives, measures achievements and shortfalls in reaching them, informs strategic planning, promotes and gives members a concrete sense of the "cooperative difference", contributes toward building a positive image. Social auditing is also a *process* – involving all relevant parties in discussions about the social objectives of the organization.

Analysts of cooperatives and non-profits argue that social auditing is particularly

relevant to such organizations because social responsibility is built into their mission as organizations (Bold, 1991; Brown, 2000; Kurimoto, 1999-2000; Pestoff, 1995). For cooperatives (including credit unions) social auditing is not just good sense – it is arguably essential. It takes up where the conventional financial audit leaves off. Pestoff (1995:15) emphasizes that social accounting (his term for what this paper calls social auditing) is valuable in preventing goal deflection: "...the atrophy of the democratic and community side of their activities in favor of the operational, economic side." He adds that social accounting can contribute to goal detection and goal development. For cooperatives social auditing links up with recent (business and social) concerns with exploring, reinforcing, and publicizing the "cooperative difference".

All the organizations studied use the concept of social auditing to describe what they do, and this paper follows that practice. This usage violates the concern that the term social auditing should be restricted to an externally verified social report. All the credit unions exhibited a concern for the "rule of evidence" in that they had an auditing team, whether internal or external, and required that evidence be available to back up claims.

Methodology

This study looks at three credit unions which as of 1999 had completed more than one social report or social audit. These credit unions are distinctive, as few Canadian cooperative organizations have completed even an initial social audit (MacLean and MacKinnon, 1999). The focus of this paper is on the rationale for undertaking and continuing social auditing, the model adopted, and whether or not social auditing is an on-going commitment. The cases chosen were identified by talking with activists among credit unions and cooperatives in Canada, and by reading the *Atlantic Cooperator* and *Credit Union Way Magazine*. All three organizations generously gave permission for the study.

Information came from scrutiny of public documents such as the social audit reports, investigation of the web sites for each organization, relevant material written on or by the credit union, informant interviews, and participant observation. As Chair of the social audit committee of her credit union, and as a researcher, the author participated in social auditing and in several conferences and meetings of credit unions and cooperatives interested in social auditing.³

Interviews provided information on the details of the process of social auditing

³Most significant of the various forums were: the Topshoe Conference, June, 1991; the "Ideas with Hands and Feet" conference in October, 1996; the "Standards for the New Millennium" International Conference on Social and Ethical Accounting, Auditing, and Reporting in October, 1998; the "Social Audit Meeting" of Canadian credit unions interested in social auditing in June, 1999, and participation in the group writing a social audit handbook for credit unions.

in the credit union, including how it developed. Since few in any credit union could comment in detail about social auditing (as discovered during preliminary investigations) the knowledgeable informant approach was deemed appropriate. In every credit union at least two informants came from the Social Audit Committee or Task Force: the Chair and a second member (or board member if no general members). The third informant was a knowledgeable employee (from the committee if possible). No one declined the request to be interviewed, and in total 6 informants were interviewed. While such a selection process biases in the direction of those favoring social auditing, it is important to note that all three Boards had given social auditing official sanction, and the research does not focus on degrees of support.

Names of the credit unions are pseudonyms. Table 1 presents basic information on the three of them. They differ considerably from one another and are located in different provinces and regions of Canada. All are majority urban/suburban in membership, though Church and College have rural members as well. Only one, *Community Credit Union*, has within its corporate structure a Manager of Corporate Social Responsibility. Despite these differences, the credit unions are able to learn from one another, in part through collaboration in a project to develop a social audit handbook. Though only three cases, these credit unions are among the few cooperatives and credit unions internationally that have conducted comprehensive and rigorous social audits. Because they share many characteristics with any cooperative, their experiences are likely to be relevant to others interested in pursuing social auditing.

Table 1. Case Profiles (1998)

	Church	College	Community
Age	60	49	52
Size			
No. of members	12,000	43,000	256,000
Assets	\$60 million	\$350 million	\$5.6 billion
No. of branches	7	10	38
No. of employees	58	160	1,441 + 296 in subsidiary companies
Unionized	no	no	partially
No. of social audits	4 (all internal)	3 (1st internal)	1 (external)
	Other related reports	Other related reports	following 2 (external) 2 earlier internal social reports and other focussed reports

Rationale for initiating social auditing

Regarding the rationale for conducting a social audit, the published documentation for all three credit unions indicates an awareness and commitment to a double bottom line, and describes social auditing as one way to demonstrate such a commitment.

The 1997 report for *Church Credit Union* (its fourth audit, released in 1998) notes that “The Social Audit Committee was formed in 1992 to recognize officially that as a credit union [Church Credit Union] combines both financial and social goals, and that these are mutually reinforcing”, and describes its role as: making suggestions to the Board regarding policy needs and directions, helping to provide information needed to develop policy and to monitor achievements and shortfalls, and reporting on and monitoring success in meeting social objectives. Another role is helping the Board and membership identify goals and set appropriate performance standards according to which achievements and shortfalls can be evaluated.

One Board member involved in the process noted that initially, in 1992, the Board was open to seeing if the credit union was living up to its principles. A member’s presentation on social auditing offered the Board a way to do that which seemed to require little financial outlay. The General Manager was responsive to the idea, encouraging rather than blocking the initiative. A former Board Chair was quoted in *Credit Union Way Magazine*: “It all started from the heart for us, . . . she made a presentation to our board of directors saying that we should be highlighting the credit union difference because it is the credit union way” (Carlson, 1999:15). Social auditing was conceived primarily as an internal tool rather than a showpiece document, though the credit union was delighted with the interest it generated among other credit unions and in the cooperative/credit union media. Having someone at hand who was willing to chair a social audit committee was important too, as was the fact that the call for volunteers was successful.

College Credit Union’s 1998 report (its third audit, second externally verified, released in 1999) compared social to financial auditing, listing three objectives: to address social performance issues; to develop an accounting and audit process that can be repeated and improved; and to produce a readable report (p. 5). Another document, prepared in response to a request from the Board, reflected that social auditing could help a credit union gain marketplace advantage by integrating values into the business, emphasizing that “As financial cooperatives, we have both financial and social objectives” and need to balance competing priorities (Craig, 1997:2).

In interviews additional factors were mentioned. Especially for the first (internal, volunteer) audit, incentives also included the low cost, the desire to demonstrate credibility and accountability, and its potential as an internal tool for self-monitoring and improvement. One informant described social auditing as “measuring and recognizing that a cooperative financial institution has responsibility to its members,

employees, community – are you doing what you think you are doing?” A board member and a senior staffperson were aware of social auditing and were willing to serve on a task force. Committee volunteers were easily recruited. The Board responded favorably and management did not block the initiative.

In *Community Credit Union*, between 1992 and 1996 Community moved from adding a new section to the 1992 Annual Report documenting the credit union's impact on members, staff, the community, and the environment, to including a report on management by objectives which disclosed the credit union's business objectives and performance (1993 to 1996); to mentioning a commitment toward a full social audit (1994); to a separate (internal) social report in 1995 and 1996 and to an externally verified social report of 1997 performance (released in 1999). Developing a Corporate Social Responsibility Strategy was also in process during this period, trying to integrate social and environmental planning into all parts of the system and building the credit union's profile as a model and advocate of socially responsible business.

The most recent audit says: “Now, more than ever before, the public is demanding higher standards of corporate responsibility, accountability, and transparency. . . [this report] is an attempt to address this desire for openness and honesty in corporate performance. . . [As] a member-owned credit union. . .[we are] pleased to be part of a small but important group of leadership companies and non-profit organizations around the world that are endeavoring to improve their social, environmental, and ethical performance and reporting. . .management tools are necessary to ensure that social and environmental values are not traded in for higher profitability” (p. 2). Social auditing is described as helping to track and set benchmarks, and as a barometer of how well Community is meeting its commitments. Talking to a reporter, the Board Chair specified four motives: assess and communicate environmental and social performance, take advantage of a differentiation opportunity, build credibility and inoculate against public cynicism, and respond to public demand for greater accountability and transparency while positioning Community as a leader in the financial services industry (Carlson, 1999:15).

These same points were repeated by informants, with one adding that some hoped social auditing would help broaden the base of member satisfaction beyond service and competitive interest rates. Cost was not a key issue, having built up to the idea over several years, and the credit union had already developed a relationship with the external auditor it wished to hire. Volunteers for the Board/Management committee were knowledgeable.

Rationale for continuing to do social auditing

For these credit unions lack of significant negative consequences and the presence of positive ones were key factors in the continuation of social auditing. In *Church*

Credit Union the process continued because the board was receptive, and the Social Audit Committee members were committed if increasingly overwhelmed. The members attending Annual General Meetings (AGM) were positively disposed to doing social auditing, and staff raised no objections. The board found the report a useful tool for planning and development, and there were no negative repercussions. Increasingly, too, the credit union received unsolicited favorable publicity for its leadership in this area within the co-op/credit union media. *Credit Union Way Magazine*, *Intersector*, *The Atlantic Cooperator*, the Association of Cooperative Educators newsletter, and other communication organs of the co-op sector featured Church Credit Union and other credit unions taking similar initiatives. In 1998 the volunteer social audit committee suggested to the Board that one area be audited each year. This is the current practice.

In *College Credit Union* the social audit reports a commitment to further social auditing. The 1998 audit says: "From this point on, it is our intention to undertake a social audit each fiscal year." Decisions have been made about the indicators to be used and the comparability desired across time. When asked by a reporter about the costs involved, the then vice-chair of College emphasized that the cost of a social audit is considerably less than a financial audit, and is useful because it supports the strategic planning process and takes some of the pressure off board members (Carlson, 1999:15). The 1999–2000 audit was expected in September 2000, together with a detailed social auditing policy which commits to regular auditing.

Informants noted that the process was continued because the members approved of it, and members of the Board and a staffperson continued to champion it. A second audit was promised at the AGM when the first report was presented, local mainstream media reported favorably on the initiatives, and despite shortfalls the first report was useful. The credit union gained a reputation as socially responsible credit union, and attracted board candidates and non-profit organizations wanting association with a progressive credit union. Despite reservations on the part of some board members and employees, the process continues to receive substantial support.

Regarding the continuation of auditing at *Community Credit Union*, their report describes externally verified social auditing as the most recent step in its efforts to improve the depth and credibility of its non-financial reporting since 1992 (p. 3). The recent report indicates that the process will go on, and no doubt the media will continue to watch. Indeed the release of the report was accompanied by a gathering of invited press. Plans are progressing for involving the internal auditor more fully, and social bookkeeping is being expanded. There have been no negative repercussions. Community planned to release its 1998–99 audit in September 2000.

Although one informant emphasized that the board needed to have a full discussion about the 1999 report and make a decision about future audits, the others emphasized that auditing will continue because it is useful, members and the

community expect it to continue, and auditing is integrated into the credit union's CSR strategy. They believe social auditing is essential in verifying the existence of a credit union difference and in helping perpetuate this difference.

Models used by each credit union

Each credit union approached social auditing in somewhat different ways. All had to deal with issues such as: target audience and distribution of the report; internal or external audit; stakeholder or another approach; scope of the audit (what to audit, how frequently). All have addressed the role of the various individuals and groups in conducting the social audit. Although it is beyond the scope of this paper to fully assess the strengths and weaknesses of these approaches, we can highlight some key choices made by each credit union.

Target audience and distribution of the report?

These decisions affect subsequent ones. For example, a professionally done external and comprehensive audit becomes more important if the credit union uses it to promote itself externally and in the media, and to provide a role model for other organizations. *Church Credit Union* uses its audit primarily internally, and while responding to any requests for copies, has restricted its distribution to members and employees who asked for it, branch managers, senior managers, board members, and committee chairs. Information on the social audit appeared on the website. *College Credit Union's* first audit report was distributed much as was Church's, and was used primarily for internal purposes. The second (and first external) report was lengthy, so a summary report was distributed. The 1999 report was distributed to members (available in the branches, and notice on the website), to other credit unions and cooperatives, to media outlets, community groups, unions, etc., to selected government (municipal, provincial and federal) officials and local representatives. *Community Credit Union* put the report on its website, made it available to members at the branches, sent it out to the media and sent it to other stakeholders. For Community and College, then, social auditing took on wider meaning, beyond internal uses. Of the three credit unions, the intended audience for Community's report was the broadest with its pitch to the corporate and financial community in general, and Church's was the narrowest, aimed primarily at the Board, management and staff, and members.

Internal or external?

Church and *College* credit unions developed their own approaches to social auditing, beginning with internal audits. College followed its internal audit with an external one, and the then vice-Chair emphasized that an external auditor could help identify best practices in particular areas and of other social indicators that could be used. An external audit would also be likely to have more credibility (Carlson,

1999:15). Informants in these two credit unions believed that an internal social audit is appropriate for credit unions with limited resources and keen volunteers wanting to target primarily the Board, staff and members, and/or just starting to investigate social auditing – as long as it is of high quality. An internal audit also helps prepare a credit union for an external audit, building support and knowledge, encouraging discussions of values and priorities.

Community credit union investigated various approaches, experimented with internal management by objectives and social reporting, studied the subject by attending and sponsoring conferences, and decided on the external audit model offered by the New Economics Foundation in the UK. For their purposes, only an externally verified social report had the desired rigor, comprehensiveness, and credibility. Informants agreed. All three credit unions are committed to having an internal social audit committee or task force, whether or not an external audit is conducted. The roles and responsibilities of this committee are somewhat different across the three credit unions, as are the roles of management and the Board. So far the commitment in all three cases is to do an annual audit.

Stakeholder or other approach?

The stakeholder model is associated with the NEF, which promotes the significant involvement of a wide range of stakeholders (individuals or groups with an interest in or impact on the organization) in the social audit process (Svendson, 1998; Pearce, nd). *Community* hired a person associated with NEF to conduct its audit. *Church* developed its own approach to social auditing, drawing on others' experiences. Church has so far put most emphasis on assessing performance in relation to credit union values, principles, policies and commitments. There is a strong sense that members, committee members, the Board of Directors, employees, and the community are key stakeholders within the credit union, but the audit process does not use a stakeholder approach *per se*. After experimenting with various approaches *College Credit Union* adopted one developed by an accountant working with the internal task force. College audits its activity in relation to several stakeholders (the above plus suppliers and government) without using a NEF-style stakeholder approach.

Scope of the audit?

All credit unions prefer that a full audit be done each time, though they differed in what they audited and in the measures used. However, Church Credit Union's volunteer committee was unable to cope with yearly comprehensive audits and now follows a four year cycle over which all categories get audited. A proposal to conduct a comprehensive, externally verified social audit every five years is being entertained.

Embeddedness

Given that the three credit unions profiled in this paper have been involved with social auditing over a number of years, some questions are in order, such as *e.g.*, would social auditing be expendable in a difficult year, unlike the financial audit? Is it still a “project” which may or may not be continued?

In its publication “Accountability 1000: Standards, Guidelines and Professional Qualifications”, the widely respected Institute of Social and Ethical Accountability (ISEA) presents eleven principles of social auditing. These principles are grouped into those relating to the scope and nature of the project (completeness, materiality, timeliness), to the meaningfulness of information (quality assurance, accessibility), information quality (comparability, reliability, relevance, understandability), and to the ongoing management of the process (embeddedness, continuous improvement). Embeddedness “. . . concerns making the social. . . accounting, auditing and reporting processes part of the organization’s operations, systems and policy making. . . not a one-off exercise. . . Embeddedness is concerned with the knowledge and learning of the organization, in terms of individuals within the organization and the organization’s systems” (ISEA, 1999:12).

Full organizational and stakeholder commitment can only be obtained if the exercise is ongoing. Trust builds, a track record is documented, benchmarking is possible, the social audit becomes more useful and is taken more seriously. All involved can develop the record keeping systems, the skills and knowledge needed to do the job well and to pass on their expertise. Embedding would lead to lower costs, as social bookkeeping becomes routine, systems are put in place, and the doing of the audit and preparation of the report becomes more routinized.

Informants did not believe that social auditing is embedded in their organizations, in part because unlike financial auditing, it is not yet a legal requirement and can change when a board changes its philosophy. Informants believed that the benefits of social auditing would be more apparent if embedded and routinized, and less of a special project. But one emphasized that financial auditing is far more critical to the business.

Legal issues aside, how embedded is social auditing in each of these credit unions? Indicators of embeddedness include: Board commitment to the process and to funding it; an internal social audit committee that functions and relates well with management, the Board and audit professionals; clearly designated staff responsibility and accountability for social bookkeeping and for the audit itself (including having most staff “onside”); integrating the results of the audit into the business plan of the credit union; reliable methods of following up recommendations; member (and other stakeholder) expectations of future reports.

Table 2 reports on these indicators of embeddedness for each of the three credit unions. As we can see at the Board, membership and other stakeholder levels,

Table 2. Embeddedness

Indicator	Church	College	Community
Board commitment to the process and to committing the necessary funds	Board has indicated commitment in general, but there is significant dependency on one member of the Social Audit Committee. There is yet no final decision on funding an external audit every 5 years.	Board has committed to regular audits and to funding them. There is a lot of interest in serving on the Task Force, and more than one Board member serves on it already.	In-depth discussion after the publication of the 1997 report was anticipated. Resulted in a values clarification process involving the Board and management and a commitment to externally verified social reporting.
Clear designated staff responsibility & accountability for social bookkeeping & the social audit itself; staff "onside"	Staff provide data requested, but little routinized social bookkeeping. No staff have responsibility for the social audit, except to provide data as required annually. Recently a member of the management team has joined the Committee. Staff are on-side up to a point, but social auditing seen as a Board project.	Policy is now in place specifying responsibilities including social bookkeeping and data gathering. Some senior staff still have reservations, though less severe of late. Is thought of as a board project, though one manager is a keen advocate.	Significant staff resources have been committed to social auditing, especially within the CSR area working with the internal auditors. Data proving of use to other areas, not just social auditing. Staff are more supportive than they were. Keen advocates in CSR. The project is identified with the Board and CSR.
Internal Committee	Functions reasonably well, especially with new staff member. Heavily reliant on one person though are taking steps to train others. Burnout a potential problem as the committee does the audit.	Functions well, and easily fill vacancies. Has staff representation and support services. Continues to work to improve relationships with Board, works closely with the external auditor.	Broadly representative committee which delegates much of its work to staff. Works closely with external auditor. Has had to work on relationship with Board.
Integrating the results into the business plan	Recommendations presented as a single separate package which the board discusses throughout the year. These discussions often defer to "more important" business issues. Follow-up still a challenge, but recent strategic planning sessions do ensure that social issues and recommendations are considered.	Social audit not fully integrated into the business plan, efforts are being made to change this. Follow-up is a challenge but strategic planning sessions are significant. Still some sense that the business areas take priority and are separate, though the report is being used more and more.	Social auditing is integrated into the CSR strategy which is in turn integrated into the business plan. The report is one of many complementary initiatives of this socially committed business.
Reliable methods of following up on recommendations	This is a very difficult area. Improvements have been made, but still not reliable. Experimenting with different methods.	Have recently developed a planning process that seems to work better – prioritize 1 and 3 year action items, regular progress reports.	Work ongoing to improve tracking and follow-up. Generally action is delegated to staff, who report to the Board regularly.
Member (and other stakeholder) expectations that there will be future reports	The members expect future reports.	Members and other stakeholders have been told to expect an annual audit.	Members and other stakeholders have been told to expect future reports.

social auditing is most embedded in College and Community Credit Unions – no doubt in part because of their strong orientation to the media and publicizing their commitments to a broad audience. Church may be too dependent upon the members of the volunteer committee to be considered embedded – the Board is not used to thinking of the social audit as costing employee time and substantial dollars. In no credit unions were informants fully confident that a groundswell of protest from members or others would result should social auditing cease. Overall, social auditing depends on Board philosophy and policy which can change as Boards change. But these organizations and their stakeholders may become accustomed to the annual reports and to an identity as a demonstrably accountable socially committed organization.

At the staff level social auditing is most embedded in Community, where it finds a home in the CSR Department. In Church and to a lesser degree in College, auditing is considered a Board and volunteer project with relatively limited management involvement. As for the internal committees, these are very dependent on having a dedicated and knowledgeable Chair, and committed members. This poses particular challenges for Church, since its audit committee actually conducts the social audit and writes the report. In two of the credit unions the incumbent Chairs have been involved since the inception of the idea and plan to leave this position.

It is difficult to tell which credit union best integrates social auditing into its business plan, but all informants could point to changes that have been implemented because of social auditing. All report difficulties with business plan integration and are working to establish reliable methods for following up recommendations. Since College and Community have formal externally verified reports, and report on the follow-up to the AGM, they may be more likely to act systematically and promptly. However, Church has designed a strategic planning process that incorporates social concerns raised in the recommendations.

Summary and thoughts for the future

This paper reports on three Canadian credit unions which have conducted more than one social audit. Despite differences in context, the three face many similar issues and challenges, including that of embedding social auditing. All have found social auditing to have had positive consequences, and are at present committed to further auditing. All are promoting social auditing to other credit unions. Social auditing is relevant to all organizations wanting to address issues of the double bottom line, accountability, and stakeholder relations.

Social auditing has a particular relevance for businesses such as co-ops which have at their core a range of social commitments including that of accountability, and which are concerned about goal deflection. Further, changes are occurring in the business environment and it behooves co-ops and credit union to lead rather than lag

in responding to them, to show the way forward to a more humane and just world (see Heilbroner, 1975). To lead in social auditing means that cooperative claims to espouse cooperative principles are likely to be taken more seriously, while to lag may mean that these claims are viewed as mere market positioning. It is imperative that co-ops and credit unions work together regarding social auditing within their sector, taking part in the development of sector appropriate social auditing models and standards. ISEA is already working with an international group of corporations, non-profits, credit unions and cooperatives to develop general standards (for all businesses), accreditation for auditors, and so on. Through NEF, the ISEA already provides accreditation courses.

Many sources on social auditing, and certainly the informants interviewed, emphasize the importance of just getting started, doing something. As one informant says, nothing can replace learning by doing, especially since there is no "cookbook" for social auditing. And as the doing takes place, continue learning from others. All three credit unions began slowly, and tailored subsequent efforts to the needs of their credit union and to their increased knowledge.

There is another side to all this, however. Informants mentioned that there is the potential for the social audit tool to be co-opted or corrupted if done shallowly, insincerely, and without true accountability. Indeed, it may become merely a public relations tool that is gloss rather than substance, or a self-serving effort to avoid government imposed regulations (Kurimoto, 1999-2000:14). If not sincere, further cynicism and disaffection are likely. It is vital that the choice of audit categories and the audit process itself be seen to be open and impartial, and that the rule of evidence be applied. Reliable, accurate, verifiable evidence cannot be sacrificed to expediency or other claims. Standards and principles must be set and maintained.

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