

Organizations need to fashion an approach to social responsibility in the same way that they develop any other business strategy. A corporate social audit is a formal and thorough analysis of the effectiveness of a firm's social performance. To ascertain whether their efforts are producing the desired benefits, a business should evaluate how it responds to instances of questionable legal or ethical conduct. Legal compliance is the extent to which the organization conforms to local, state, federal, and international laws, and ethical compliance is the extent to which the members of the organization follow basic ethical (and legal) standards of behavior. Informal methods of managing social responsibility include an organization's thoughts on leadership and culture and how organizations respond to whistleblowers. Formal organizational dimensions that can help manage social responsibility are legal compliance, ethical compliance, and philanthropic giving. Leadership practices and organization culture can go a long way toward defining the social responsibility stance an organization and its members will adopt. Although some organizations welcome the contributions of whistleblowers, it is not uncommon for managers to ignore concerns. Finally, philanthropic giving is the awarding of funds or gifts to charities or other worthy causes. More formally, an organization may sometimes actually evaluate the effectiveness of its social responsibility efforts. Whistle-blowing is the disclosure by an employee of illegal or unethical conduct on the part of others within the organization. Ethical leadership often sets the tone for the entire organization. A key issue in social responsibility is how the organization handles whistleblowers.