

## **Corporate Social Responsibility and Safety and Health at Work: Global Perspectives, Local Practices,**

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### **Summary**

Several major societal problems cannot be solved without active involvement of businesses. Businesses also become more aware that they are part of society and of the eco-system they operate in. In this way business and society are interdependent and become increasingly interlinked. As a result there is a growing interest in the management of non financial impacts of business, especially for the planet and people aspects; this includes communication and co-operation with stakeholders. Often the label Corporate Social Responsibility (CSR) is used for that development.

CSR offers several opportunities to strengthen safety and health at work, but also implies some threats. The major opportunities are (1) to achieve better integration of OSH into business processes, (2) to increase the strategic importance of OSH, (3) to foster innovative approaches, (4) to enrich OSH with value driven management, (5) to involve and commit new powerful stakeholders, and (6) to integrate safety approaches that have been separated and sub-optimized so far (e.g. personal- process- and product safety). The major threats are that other issues that may be regarded as more urgent or sexy and consequently get higher priorities, and that managing corporate images and liabilities become dominant over material safety improvement.

One ambitious project that aims to combine CSR and safety will be presented and discussed in more detail: UNEPs Responsible Production approach. That is focussed on the development and dissemination of a Framework for Chemical Hazard Management for Small and Medium Sized Organizations. The case illustrates both opportunities and threats.

### **Introduction: the growing interdependency of business and society**

The constantly changing context in which enterprises operate, forces them to adapt to its circumstances in several ways. Societal problems may enter the enterprise in one way or another, and organisations have to cope with them. The growing strength of businesses goes hand in hand with increasing convictions that businesses have a societal responsibility. Changed normative thinking of citizens, employees, Non Governmental Organisations (NGOs) and society at large requires enterprises to become part of the solution for social and environmental problems. At the same time societal awareness is increasing that companies may ‘externalise’ problems, i.e. they may cause problems (e.g. safety or environmental problems) while they are not, or not fully, responsible for solving those problems. Increasingly, such ‘shifting of responsibility’ to society is no longer regarded as acceptable. It is increasingly seen as unethical organisational behaviour. Enterprises are increasingly expected to ‘think and act inclusive’ i.e. by taking into account the consequences of their business activities

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for society and for specific stakeholders. Respecting fundamental human and labour rights is another ethical principle of growing business relevance. Health and safety at work are thereby seen as fundamental rights, and vital elements of the ‘decent work’ agenda (ILO, 2007), while employees are the most important stakeholder group for these issues. These developments trigger companies to think beyond profit maximization as their only business goal, but also imply new business opportunities. It also forces them to reflect on their core values, business principles and what they regard as ‘doing the right thing’, complementary to the rational business planning and implementing (e.g. safety) management systems which is focussed on ‘doing the right things’ (Zwetsloot 2003).

For enterprises, the most important motives for implementing CSR are: the creation of new opportunities (market enlargement, better company reputation) and better control of *business risks*<sup>2</sup>, risks for the continuity of the organization. The increasing attention for CSR is also fed by recent financial/accountancy scandals and the growing demands for integrity and transparency of companies, by pressure from NGO’s, and sometimes by top managers who are convinced that doing business should be more than merely making money.

CSR initiatives have generated a broad and generally positive response among industrial leaders, but also by governments and by international organisations such as the International Labour Organisation (ILO), United Nations Environment Programme (UNEP), United Nations Development Programme (UNDP) and the World Health Organisation (WHO). Due to the involvement of many Non Governmental Organisations (NGOs) and the media attention, CSR has increasingly become a public issue.

Corporate Social Responsibility (CSR) or Corporate Sustainability (CS) is defined by the European Commission as ‘the integration by companies of social and environmental concerns into their business operations and in their interaction with their stakeholders on a voluntary basis’ (European Commission 2003)<sup>3</sup>. In order to be more than a new fashion, CSR will have to be closely related to the companies’ core activities and have added-value for the business (Porter & Kramer, 2006). The connection with the business operations is illustrated in the Chiquita case.

*The Chiquita case (based on Werre 2003)*

In 1993, Chiquita, one of the largest banana companies in the world, was heavily criticised by NGO’s and in the mass media. The criticism focussed on (1) the use of pesticides at Banana plantations and the resulting damage to the environment, and (2) bad treatment, in several respects, of their workers. As a result the market share of Chiquita dropped, and the company went through a crises. The company decided to make a change. They recognised labour unions at their plantations, and started to communicate with them. They started to invest in better ecological and social performance. In the year 2000 the company started to work with the rainforest alliance, an independent foundation.

<sup>2</sup> Note that safety risk and business risk are not necessarily the same

<sup>3</sup> Small Enterprise usually prefer the term *responsible business practices* as the term *corporate* seems to address only large multinationals (Leka & Churchill 2007).

Today the company offers education and medical treatment to its workers. The unions are recognised, and the company and the unions work together in improving the social, ecological and economic performance of the company. Chiquita has a policy to protect the water, the soil and animals living nearby, and has strongly reduced the use of pesticides. Since 2005 all Chiquita plantations are every year audited by the rainforest alliance, to make sure that ecological and social performances are good.

This example shows in a nutshell, that a shift to safer workplaces and more responsible production is certainly possible.

Most initiatives to promote CSR focus on voluntary activities, while safety and health is regarded as a highly regulated area. But good safety and health require more than merely regulatory compliance: organisations need to integrate safety and health into their business activities, have a social dialogue and to act also *in the spirit of* relevant regulations. See Schouten 2007 for an overview of CSR and international law.

Clearly, many authors see that there can be synergies between CSR and improvement of occupational safety and health and working conditions in general (e.g. Segal et al 2003, Zwetsloot and Starren 2004, HSE 2005, Zwetsloot et al 2008, Montero et al 2009).

CSR is rapidly changing the business context of safety and health at work. This will have implications for OSH strategies on European, national and company level. The new CSR developments imply both great opportunities to strengthen OSH, but also imply some serious threats.

### **Major initiatives to stimulate CSR, and their potential for OSH.**

In a publication for the European Agency for Safety and Health at Work, an overview is given of international initiatives to promote CSR (Zwetsloot & Starren 2004). Well-known world-wide initiatives that are relevant for all industrial sectors, are the UN-Global Compact initiative<sup>4</sup>, the Global Reporting Initiative (GRI)<sup>5</sup>, and the draft ISO standard for CSR<sup>6</sup>. In that publication a categorisation into seven types of initiatives is presented:

1. Initiatives to raise awareness, awards & ethical initiatives.
2. Exchange of knowledge: Best Practices, networks, pilot projects, guidelines.
3. Standardization and certification.
4. Reporting -external- and communication.
5. Innovative Partnerships NGO's -Public – Private.
6. Ethical trade initiatives (Fair trade).
7. Involvement financial sector / financial incentives.

<sup>4</sup> See: <http://www.unglobalcompact.org>

<sup>5</sup> See: <http://www.globalreporting.org/Home>

<sup>6</sup> See:

[http://isotc.iso.org/livelink/livelink/fetch/2000/2122/830949/3934883/3935837/ISO\\_DIS\\_26000\\_Guidance\\_on\\_Social\\_Responsibility.pdf?nodeid=8385026&vernum=](http://isotc.iso.org/livelink/livelink/fetch/2000/2122/830949/3934883/3935837/ISO_DIS_26000_Guidance_on_Social_Responsibility.pdf?nodeid=8385026&vernum=)

Some of these categories (i.e. external reporting and communication, innovative partnerships, ethical initiatives, involvement of the financial sector) are relatively new for the safety and health community. In this way, CSR can help the safety and health community to explore new strategies. The first four types are in principle well-known with respect to promoting OSH, but usually *the style* in CSR initiatives is different, more value-driven and strategic than is usually the case in OSH initiatives.

Indeed, CSR opens up new perspectives on OSH, each of them creating opportunities for strengthening and further development of OSH (as part of CSR). This raises a number of challenges, such as:

- Integration of safety and health into business processes
- Develop strategic OSH that is compatible with strategic management
- Develop strategies that improve OSH but also foster innovation
- Combine the rational logic of prevention and safety management systems with ethical or value-driven approaches
- Develop the external stakeholder perspective for OSH, and involve and commit new powerful stakeholders in safety and health programmes.
- Develop more integrated approaches to safety and health, whereby occupational safety and health are no longer isolated from public safety and health, product safety, and whereby the safety and health responsibilities of companies are no longer limited to their own site.

As there is no time to go into more detail into each of these challenges, I will focus on one interesting and ambitious project that combines CSR and safety. Several of the challenges and also of the opportunities and threats for combining occupational safety and health with CSR can be clarified through this example.

### **UNEP's Initiative to promote Responsible Production for Chemical Hazards Management in SMEs**

The project of UNEP (United Nations Environmental Programme) for a Responsible Production approach for Chemical Hazards Management in SMEs gives an interesting insight in the combination of CSR with OSH. The next section gives an overview of that approach, and the text thereof is largely based on UNEPs Handbook for Responsible Production (UNEP & Accountability 2009).

The project to develop the approach was carried out by UNEP and Accountability (a well-know globally operating CSR consultancy firm) in co-operation with important stakeholders such as the International Council on Mining and Metals (ICMM), the International Council of Chemical Associations (ICCA), local partners in Peru and Thailand, and a number of safety expert organisations, including TNO<sup>7</sup>. The project was made possible through a grant of several million Euros from the Norwegian government. The project comprised the development of a handbook, a set of tools, a training programme, and also included two pilot projects, one in the mining sector in Peru, the other in the Chemical-trade sector in Thailand.

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<sup>7</sup> The author was member of the international reviewer group and was personally involved in an minor additional part of the project, aiming at the development of an interactive tool for the SMEs.

### *What is Responsible Production?*

In the project, Responsible Production is defined as “a systematic and continuous improvement approach to chemical safety along the value-chain, understanding hazards, controlling chemical exposure, reducing accident risks, engaging stakeholders, and promoting chemical product stewardship through risk planning, management and communication aimed at preventing exposure to hazardous substances along the value chain”.

It is designed to increase overall safety and to reduce chemical emergencies and their environmental, social and economic impact by helping these organizations address the hazards and risks related to the manufacturing, processing and handling of chemical substances in their operations. It intends to help managers and safety officers to address not only chemical hazards at site, but also to promote chemical safety with business partners and suppliers, clients, and local communities by fostering risk communication and chemical safety information along the value-chain.

Responsible Production was developed because today, there is a critical need for a simple, integrated approach to chemical hazard management. It draws on the best and most appropriate guidance from sources in the areas of Corporate Social Responsibility, APELL (Awareness and Preparedness for Emergencies at Local Level<sup>8</sup>) and Safer Production.

The handbook for Responsible Production comprises the Responsible Production Framework and Toolkit and the Responsible Production Training Package. It focuses on application at the local level. It provides the basis for identifying, understanding and responding to not only the chemical hazards themselves but also to the needs and concerns of local business partners, suppliers and communities that may have an affect on or be affected by them.

The most successful businesses no longer see risk management as a cost of doing business. They see it as a way to gain competitive advantage and to build sustainability into core business operations.

Companies are facing a range of important drivers.

- They need to gain and keep customers and clients who are increasingly looking for evidence of effective risk management.
- They need a *license to operate* from the communities they work in and from the people whose lives they affect.
- They need to strip out of their price base the increasing cost of accidents, incidents and clean up.
- They need to develop new products and processes that are inherently less risky.
- They need to understand, select and manage their own business partners and suppliers so that they are not taking on any unsuspected or unacceptable risk.
- They need to guard their record and reputations in a business world where often 50% or more of entity value is based on intangibles. In addition to price,

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<sup>8</sup> APELL refers to a related UNEP programme, see:  
<http://www.unep.fr/scp/sp/publications/brochures/pdf/APELL-Worldwide.pdf>

record and reputation are also what differentiate one company from its competitors and attract more and better quality business. Reputations have a significant affect on how much companies can sell and at what price.

Responsible Production is mainly for those people in small and medium sized organizations who are responsible for chemicals management and safety, typically managers and safety officers. It is for SMEs that do not have sophisticated management systems in place and who need to understand and realize the business and other benefits of:

- Improved chemical hazard management,
- Working with their most important stakeholders,
- Sharing information on decisions and performance.

Though the role of managers and safety officers is emphasized, Responsible Production will also benefit local authorities and government officials who have an interest in ensuring and enforcing responsible chemical hazard management. The

Responsible Production is also for large companies that do business with small and medium sized organizations. They will need some assurance that smaller organizations are managing chemical hazards safely and responsibly, without having to impose their own sophisticated management systems requirements. Responsible Production provides a basis for larger businesses to develop confidence in the operations of the smaller they have relationships with.

Accidents can put companies out of business. The right investments in improved chemical hazard management will benefit the company.

#### *From an operational focus to a value-chain focus*

To move from *reaction to prevention* and from a *compliance* mind-set to a *value creation* mind-set in a way that can effectively involve SMEs requires us to address the whole value chain and not just what we manage inside our own fences. We must reconsider the boundaries of safety impact and extend our engagement.

Risk information must be developed and made available to suppliers, business partners, end customers and, where necessary, to affected communities. Efforts to foster the safe use of chemicals can not stop at the company door, but must be part of a wider approach to chemical product stewardship<sup>9</sup> along the value chain and in the community. The value chain typically includes:

- Inbound logistics and material inputs
- Operations
- Outbound logistics
- Marketing and sales
- After sales service and disposal

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<sup>9</sup> Chemical product stewardship is the practice of making health, safety and environmental protection an integral part of the life cycle of chemical products (ICCA Product Stewardship Guidelines, 2007)

## Rethinking Chemical Hazard Management

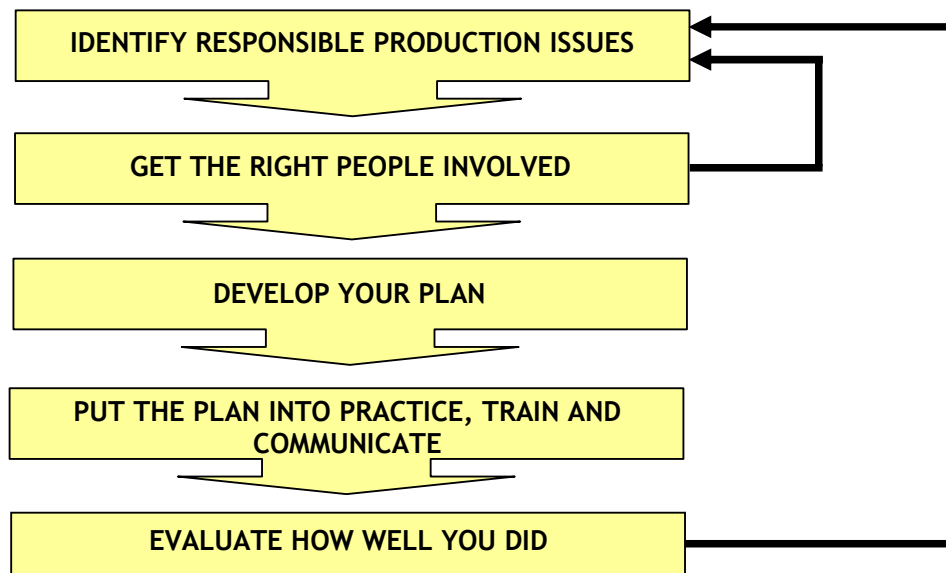
In the past, chemical hazard management has tended to focus on operation inside the company gates: how the company operated and on responding to incidents – spills, fires, explosions. There has been an emphasis on operational effectiveness and compliance management. Chemical hazard management has been seen as a cost of doing business and avoiding fines or worse.

Looking at chemical hazard management across the value chain means looking at it more strategically. Best practice organizations look at hazard management as way to address the business drivers in the market place.

- How can it help you get and keep your *license to operate*?
- How can it *strip out cost* by reducing the number of accidents, and improving productivity and cost effectiveness?
- How can it contribute to *improved product and process design*?
- How can it help you *gain and keep customers and clients*?
- How can it help you choose *the right suppliers and partners*?
- How can it help you develop and enhance *a reputation that will attract more business*?
- How can it help to *improve your relations with authorities and the community*?

## The Responsible Production Framework, Indicators and Tools

The Responsible Production Framework provides a step by step process for improving chemical hazard management. The Responsible Production Framework is comprised of five main steps.



These steps provide a systems approach to managing the risks and impacts associated with chemical hazards. The system is not meant to be a stand alone system. It is meant to be integrated with existing management practices and systems.

Each of the five main steps is supported by a series of actions. The tools provided in the Responsible Production Toolkit give guidance on how to implement each action. There is also a set of indicators that allow to evaluate the implementation of these actions and therefore how well each step of the Responsible Production Framework is actually done.

### **Reflective observations on the Case of UNEPs Responsible Production approach**

The case UNEP clearly shows an innovative approach to chemical safety management, clearly enriched and inspired by the state of the art in Corporate Social Responsibility.

- It connects safety with the core businesses
- It is an integrated approach to good business, safety management and CSR
- It clarifies the links between chemical safety risks and business risks
- It includes the development of a dashboard with key indicators
- Important stakeholders are involved from the start (both in the development project where international business councils were involved, and in the pilot projects and in the guidelines for individual companies.
- It is meant for managing chemical safety also beyond the site level (supply chain involvement, involvement of local authorities and inspectors, and co-operation between local SMEs)
- From a funding perspective, it clarifies that some governments are willing to invest considerable amounts in such innovative approaches
- The approach will be disseminated via UNEPs global network of Cleaner Production Centres (thereby making use of an existing infrastructure that focuses primarily on sustainability issues, not on safety.
- The intention is also to carry out national demonstration projects in several countries (several are already in preparation).

It also shows that:

- Important and substantial projects that combine safety and CSR can actually be run by partners that are not safety experts in the first place.
- The handbook is still a handbook. A more user-friendly interactive version (web-based or on CD-ROM) has been developed only at a latter stage, and due to budget limitations only as a demo version.
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In this way, the case confirms that synergy can be created between CSR and OSH. It also illustrates that CSR can be instrumental in developing innovative and strategic approaches to safety and health, and to trigger rethinking of traditional risk management. But it also clarifies that existing safety expertise is not automatically used in CSR initiatives – even when the focus is on safety.

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