

## Outstanding workplace award reconsiders corporate social responsibility

**... Because so far we haven't been able to rely on measures of CSR**

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One of the surprising things about prizes, awards and recognition for socially responsible employers is that many involve elite knowledge workers and, if they do involve vulnerable workers, they often seem insincere. This raises the question of whether socially responsible employers receive adequate recognition, and those who appear to be socially responsible, but aren't, are rewarded unjustifiably. Good work benefits all employers and employees, especially workers in contingent, potentially precarious, employment arrangements. The Human Resources Institute of New Zealand has addressed this issue in their new Outstanding Workplace Award which aims to reward good employers – at all ends of the labour market – for good employment practices.

The HRINZ award is guided by the work of Coats (2007) who argues that work should satisfy and transcend foundational human wants and desires in order to achieve productivity and competitiveness in a socially responsible way. The award recognises that good work means more than mere compliance with decent work standards. Beyond job security, safety and fair remuneration, it promotes worker participation, voice, autonomy and flexibility. These features empower employees to grow and contribute productively. They are key elements of a high-involvement workplace (PSA & Coats, 2016).

The Outstanding Workplace Award recognises the following criteria as 'good work': (HRINZ, 2016)

- Job stability and safety
- Individual worker control and autonomy over work
- Fair work demands
- Flexible working arrangements
- Employer promotion of health, safety and wellbeing
- Prevention of isolation and discrimination, and promotion of inclusion
- Sharing of information
- Reintegration of programmes for the sick and disabled
- Visibility of senior leadership
- Appropriately trained managers
- Integrated programmes for health, health promotion, and illness prevention

- Empowerment of workers for self-care of health
- Enabling staff to achieve
- Monitoring and measuring all criteria above

So how does this differ from the traditional Corporate Social Responsibility (CSR) awards and how should CSR be measured? Described by Chelli and Gendron (2013) as ‘creators of meaning’, CSR rating agencies are one key way in which standards are set. Adherence to such standards is a new way for organisations to legitimise their CSR claims. However, there are significant disparities both within and between CSR rating frameworks in terms of credibility, standards and measures, and the assurance that these are met. Through these disparities, rating agencies have created a context where ‘a variety of disclosure practices and different standards of reporting are being developed and promoted’ (Chelli & Gendron, 2013).

Environmental concerns are the predominant focus of CSR reporting. Of the most common standards used by nine global CSR rating agencies, environmental dimensions accounted for nearly 50 percent, while social dimensions (including employment standards) made up only 25 percent (Rahdari and Rostamy, 2015). While environmental reporting is obviously very important, employment conditions may not be getting much attention. In addition, rating agencies vary widely in perceived credibility as shown by GlobeScan and SustainAbility’s 2013 survey of 18 prominent global CSR rating agencies with ‘sustainability experts’. The table below shows the credibility levels for four of these organisations and lists the CSR employment standards they each measure.

<b>Agency rating system</b>	<b>Credibility ranking/degree of credibility by percentage</b> <i>(GlobeScan &amp; SustainAbility, 2013)</i>	<b>Coverage of CSR employment standards</b>
<b>Dow Jones Sustainability Index</b>	2/63%	Supplier assessment for labour practices; employee compensation disclosure; employee turnover disclosure; inclusion of human rights clauses
<b>Financial Times Stock Exchange 4Good Index</b>	4/55%	Flexible working arrangements; child labour; equal employment systems; diversity and inclusion systems; CEO-to-average worker pay
<b>Oekom</b>	5/54%	Supplier assessment for labour practices; flexible working arrangements; equal employment systems
<b>Corporate Knights Report</b>	12/45%	Employee compensation disclosure; employee turnover disclosure; occupational health and safety; CEO-to-average worker pay

*Table 1: CSR rating agency coverage of CSR-related employment standards, illustrating inconsistencies between agency systems. Adapted from Rahdari and Rostamy (2015).*

Further confusion and disparities arise because some rating agencies operate a declarative system and others only a solicited one. Declarative ratings are not requested by organisations but are based

on publicly-available information and data collected from stakeholders. Reports of these ratings are sold to NGOs, insurance companies and investment banks. Solicited ratings are funded by the organisation which provides its own data to the rating agency for analysis and a sustainability report (Chelli & Gendron, 2013). This creates issues around conflicts of interest and rating accuracy (Finch, 2004).

Employers have considerable freedom and flexibility in the way they present their sustainability because CSR rating agency standards are not absolute or binding. This includes the practices and measures they choose to emphasise or, alternatively, downplay. There is also little accountability, such as external verification, around adherence to good practice (at least according to their websites). The various practices of organisations claiming CSR are also poorly integrated.

These issues affect the consistency of socially responsible engagement by organisations claiming CSR. They strongly suggest such organisations cannot be expected to engage in genuine and credible CSR-related employment practices, and are unreliable agents in preventing precarious working arrangements.

Precarious work therefore remains an issue, not just across the board, but also in organisations that identify as CSR. This forces us to question CSR legitimacy further and put thought into addressing precarious work beyond reliance on CSR and its so-called principles. Better recognition of employers who are genuinely responsible and treat vulnerable workers well is also necessary, something that HRINZ have responded to with the introduction of their Outstanding Workplace Award in 2017. The award recognises, and has criteria consistent with, the underlying principles of good and decent work. It signals a necessary step to mitigate the presence of precarious work in our workforces by genuinely recognising socially responsible employers.

Effective employment relationships drive competitiveness. Since these relationships rely on a functional connection between humans – the employee and the employer – ‘good work’ recognises employment practices and conditions as things that are not merely ‘transactions’. When we see work as a relational, human activity, it becomes clear that ‘good work’ is essential for effective employment relationships.

If good work can benefit the employee and the employer, the CSR movement provides a useful platform to promote such work – one it has not yet taken up widely. All organisations need further education, encouragement and incentives to genuinely provide decent work for employees. This would clarify a CSR organisation’s obligations as a decent employer and provide other organisations with adequate information, and models, of how to provide decent work while remaining competitive. The new HRINZ award is an excellent place to start. It will enable all organisations to claim socially responsible employment practices with more legitimacy.

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