1. Introduction

There was never a time when enterprises had nothing to do with society, however this relationship is now more visible than ever. The constantly changing context in which enterprises operate, forces them to adapt to their circumstances in several ways. Societal problems may enter the enterprise in one way or another, and then the organisation has to cope with them. At the same time awareness is increasing that companies may ‘externalise’ problems, i.e. they may cause problems (e.g. health or environmental problems) while they are not, or not fully, responsible for solving those problems. Increasingly, such ‘shifting of consequences’ to society is no longer regarded as normal or as acceptable. In fact, it is often seen as unethical organisational behaviour. Enterprises are now increasingly expected to solve the problems they cause by acting responsibly and by ‘inclusive thinking and acting’ i.e. by taking the consequences of their business activities for society, and for specific stakeholders into account in their decisions. They are also expected to be active in the solution of global, local or regional societal problems. This development may offer new business opportunities, and companies are increasingly eager to prove that their business practices are responsible, as they come to discover that many consumers, but also business customers, may prefer to do business with responsible enterprises. This may create competitive advantages.

Increased interest in responsible business practices goes hand in hand with a renewed interest in business ethics. Preventing the ‘shift of consequences to society’ is clearly an ethical principle. Thinking in terms of “respecting rights”, especially respecting fundamental human and labour rights is another ethical principle of growing business relevance. Health and safety at work are seen as fundamental rights, and vital elements of the ‘decent work’ agenda (ILO). Further, societal problems, like increasing violence in society and a less healthy population (and the associated cost of health care and absenteeism) do enter our workplaces. Companies are increasingly acknowledging that they have to cope with the consequences thereof, whether they like it or not.
The increase of psychosocial risks in our society, and the increasing prevalence of psychosocial disorders are indeed an example of a societal development, whereby enterprises can directly contribute to reducing the societal problem by managing psychosocial risks at their workplaces properly (thereby preventing the shift of problems to society, workers and their families). On the other hand, good psychosocial risk management is clearly linked to good business. It may lead to a more productive workforce, in terms of less absence, more positive engagement and greater mental flexibility (an absolute requirement in the emerging knowledge economy). In this chapter, the link between corporate social responsibility (CSR) and psychosocial risk management will be explored as this might offer new insights into psychosocial risk management, and also may offer new perspectives for future management approaches.

2. Civil society in the European Union

Despite the increasing focus on leadership at the European Union (EU) level, the reality is that much of the policy-making in the EU is done at levels below the council of ministers (Andersen, Eliassen & Sitter, 2001). The complexity of EU legislation has brought about a high degree of specialisation and differentiation which, in turn, has prompted focus on the importance of policy networks ranging from close and stable ‘policy communities’ to looser ‘policy networks’ (Richardson, 1996) indicating the importance ascribed to informal relationships, shared views and the role of the civil society in general. This characteristic of the EU is enhanced both by the Commission’s need for external input and its commitment to consultation. The most institutionalised case is its ‘negotiate or we will legislate’ approach to social policy, with provisions for agreements between the ‘social partners’ (EU federations of unions and private and public sectors employers) to form the basis for legislative proposals (Andersen, Eliassen & Sitter, 2001).

Civil society has always played a central role in the development of European nation-states. From the early 1990s onwards the EU has increasingly recognised the importance of civil society in the policy-making/influencing arena as a means of combating poverty, social exclusion and unemployment through the Civil Dialogue, promotion of a wide variety of social and civil organisations, and the integration of civil society issues into the strategies of “open method of co-ordination” (Geyer, 2003) and more recently through key initiatives aimed at promoting CSR (for example: EC, 2001; 2002; European Multi-Stakeholder Forum on CSR, 2004).

Today, with increasing globalisation, greater environmental and social awareness, the concept of organisations’ responsibilities beyond the purely legal or profit-related aspects has gained new impetus. In order to succeed, business now has to be seen to be acting responsibly towards people, planet and profit (the so-called ‘3Ps’) (European Commission, 2001). According to the European Agency for Safety and Health at Work (EASHW), CSR is an inspiring, challenging, and strategically important development that is becoming an increasingly significant priority for companies of all sizes and types.

3. Is corporate social responsibility clearly understood?

Early accounts of CSR have referred to it as social responsibility; however, in more recent times the CSR concept has transitioned significantly to include alternative themes such as stakeholder theory, business ethics theory, corporate social performance and corporate citizenship (Carroll, 1999). Over the decades, numerous definitions of CSR have been proposed. One of the earliest definitions was put forward by McGuire (1963), where he stated, “The idea of social responsibilities supposes that the corporation has not only economic and legal obligations but also certain responsibilities to society which extend beyond these obligations”. In 1980, Thomas M. Jones defined CSR as “the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law and union contract. Two facets of this definition are critical. First, the obligation must be voluntarily adopted; behaviour influenced by the coercive forces of law or union contract is not voluntary. Second, the obligation is a broad one, extending beyond the traditional duty to shareholders to other societal groups such as customers, employees, suppliers, and neighbouring communities” (Jones, 1980, pp. 59-60 cited in Carroll, 1999).
The European Commission (2001) defined CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and their interactions with their stakeholders on a voluntary basis”. The European Multi-stakeholder Forum on CSR (2004) further extended the understanding of CSR by concluding that CSR is the voluntary integration of environmental and social considerations into business operations, over and above legal requirements and contractual obligations, that commitment of management and dialogue with stakeholders is essential and when operating in developing countries and/or situations of weak governance, companies need to take into account the different contexts and challenges, including poverty, conflicts, environment and health issues.

The World Business Council for Sustainable Development (WBCSD) (2000) pointed out that there were differences in the meaning of CSR from one country to another ranging from environmental concerns to empowering local communities. This conflict and overlap of meanings has led to research to date being fractured and lacking a critical agenda. A single, universally accepted definition of CSR would be helpful (Kok, van der Wiele, McKenna & Brown, 2001; Blowfield & Frynas, 2005) but remains unlikely; however there are ways of seeing this lack of definition as a benefit to the area. The various definitions do have a commonality of themes in the context of various stakeholders, ethics, employee issues, environment, governance and policy. The concept, it is argued, needs to be retained as an overarching ‘umbrella term’ (Blowfield & Frynas, 2005). Companies can ‘cherry pick’ the areas they wish to move forward in without the constraints of an overly tight definition (Cowen, 2003). Being generic, it is argued that it can be applicable from the multi-national to the small and medium sized enterprises (SMEs). But a counter argument is that the use of the term ‘corporate’ implies that size is a pre-requisite (Schoenberger-Orgad & McKie, 2005).

Segal et al. (2003) in a study of the link between CSR and working conditions found that the concept of CSR was still relatively unfamiliar. They further reported that in the four EU countries studied, many company officers and officials of unions and public authorities had not heard of the concept of CSR and said that they did not wait for it before developing good practices. When the concept was identified, there was certain confusion in people’s minds (including those of the people responsible for these areas in large international groups) concerning the relevant content to assign to the concepts of ethical or socially responsible enterprise, or enterprise committed to sustainable development, etc. They tended to see it as something to be feared - reduction in entitlements, weakening of social dialogue, competition with other stakeholders - rather than grounds for potential social progress. Other research in SMEs further indicates that although companies engage in responsible/good business practices they are not always encapsulated within the CSR framework (e.g. Leka and Churchill, 2007).

In recent years efforts have been made by business networks to increase the awareness of the concept of CSR and promote best practice. CSR Europe is the leading European business network for corporate social responsibility which was founded in 1995 by senior European business leaders in response to an appeal by the European Commission President Jacques Delors (CSER Europe, 2000). CSR Europe is a platform for connecting companies to share best practice on CSR, innovating new projects between business and stakeholders and for shaping the modern day business and political agenda on sustainability and competitiveness. Another such network is Enterprise for Health (EfH) which was set up in 2000 jointly by the Bertelsmann Stiftung (Foundation) and the Federal Association of Company Health Insurance Funds (Bundesverband der Betriebskrankenkassen) in Germany to promote the exchange of information and experience among committed enterprises and to publicise examples of the success of a corporate culture based on partnership. EfH is a network of international enterprises which devotes itself to the development of a corporate culture based on partnership and a modern company health policy. The key objective of the network is to process the available information related to CSR and employee health and to provide it in a systematic and practice-oriented way.

In March 2006, the European Commission published a new communication on CSR, stressing the potential of CSR to contribute to the European Strategy for Growth and Jobs and announcing backing for a European Alliance for CSR. The Alliance marks a new political approach on CSR, based on a double commitment. On the one hand, the European Commission will strengthen a business friendly environment. On the other hand, and through a voluntary approach, enterprises will further focus their efforts to innovate their CSR strategies and initiatives, in cooperation and dialogue with their stakeholders. The Alliance serves as a political umbrella for mobilising the resources of large and small European companies and their stakeholders (EC, 2006). The European Alliance for CSR lays the foundations for the partners to promote CSR in the future. It evolves around the following three areas of activities: raising awareness and improving knowledge on CSR and reporting on its achievements;
helping to mainstream and develop open coalitions of cooperation; ensuring an enabling environment for CSR.

4. Relevance and motives for corporate social responsibility

The proponents of CSR claim that it is in the enlightened self-interest of business to undertake various forms of CSR. The forms of business benefit that might accrue would include enhanced reputation and greater employee loyalty and retention (Moir, 2001). The word ‘voluntary’, which characterises the commitment of enterprises to CSR practices, covers a large number of possible situations that bear witness to the variety of motives leading enterprises and their officers to commit themselves to the path of socially responsible practices. Firstly, CSR may have a positive effect in distinguishing the enterprise’s products, which may give it an advantage in its market. It also represents a way of preventing environmental or social risks that may seriously undermine a brand’s reputation. CSR can also be a positive factor in attracting and retaining a workforce sensitive to this ethical dimension and more willing to put a lot into an enterprise whose socially responsible commitments it shares (Segal et al., 2003).

Other studies undertaken to assess the motives of management to engage in CSR practices and adopt CSR policies and codes in Multi-National Corporations (MNCs) suggest two main sources of motivation: first, management may see advantages in reaching an agreed code in terms of the additional legitimacy for a policy that employee representatives’ consent or approval can bring (Marginson, 2006). Further, legitimacy comes from the linking of CSR policies and codes to multilateral instruments such as ILO Conventions, the principles of the UN’s Global Compact and the OECD’s Guidelines on MNCs (Hammer, 2005). The second is the capacity of trade unions, and non-governmental organisations, to bring international pressure to bear on management over a company’s practices and those of its suppliers.

The ILO (2007) reported that it is highly plausible that whether or not a multinational sees a need to have a CSR code is shaped by characteristics of the sector, such as how visible companies are in the eyes of consumers, the extent to which they trade on a brand name and the extent to which their supply networks encompass operations in developing nations. However, it should be noted that for SMEs, reputational risk currently features as a lesser priority due to the culture surrounding many smaller businesses (HSE, 2005; Lea, 2002). Essentially according to Moon (2004) “business performs… to defined standards… (which is) a key factor in the increasingly institutionalised nature of CSR in Britain”; that is, if improvements are made, others are likely to follow.

5. Corporate social responsibility and the European Union

The EU often refers to the European Social Model (ESM) as the basis of its social structure and related considerations. In 2000, at the Lisbon Summit, member states took the position that “the European Social Model, with its developed systems of social protection, must underpin the transformation of the knowledge economy” (Vaughan-Whitehead, 2003). While the ESM, built on social partnership and democratic values, is considered useful, it is nevertheless under attack with several member states repeatedly trying to undermine social rights due to the belief they would be too expensive for their enterprises and result in too rigid labour markets (Vaughan-Whitehead, 2003). The Commission’s European Social Agenda, subsequently supported by the European Council in Nice (2001), emphasised the role of CSR in addressing the employment and social consequences of economic and market integration and in adapting working conditions to the new economy.

CSR focuses on the effects of organisational strategy on the social, environmental and economic impact of organisations’ activities, as well as achieving an appropriate balance between these three impacts. As such, CSR is considered a leading principle in the development of innovative business practice (Zwetsloot, 2003). CSR evolved from the 1990s approach of developing management systems, which were often based on standards and guidelines such as ISO 9000 (quality management), ISO 14001 (environmental management), SA 8000 (social accountability) and OHSAS 18001 (occupational health and safety) and have as their guiding principle “doing things right the first time”. However, as far as these systems focus on planning and rational control of activities, they pay little attention to human aspects. To achieve further development of CSR, it is necessary to combine
value–based decision–making and the rationales of prevention and management systems (Zwetsloot, 2003).

6. Corporate social responsibility and occupational safety and health

CSR, as discussed earlier has many definitions but, in essence, it is based on the integration of economic, social, ethical and environmental concerns in business operations. The major social concerns include the welfare of the key stakeholders in the business, especially employees (HSE, 2005). One important distinction between different types of CSR policies and activities is whether they are ‘internal’ in that they are targeted at management and employees of the firm itself, or ‘external’ in that they are targeted at outside groups such as suppliers, the society or the environment (Bondy et al., 2004).

The internal dimension of CSR policies covers socially responsible practices concerning employees, relating to their safety and health, investing in human capital, managing change and financial control. Recent Occupational Safety and Health (OSH) promotion strategies by the European Commission (EC) and the European Agency for Safety and Health at Work (EASHW) have attempted to link OSH with CSR, establishing a business case of strategic importance for organisations (EC, 2001, 2002; Zwetsloot & Starren, 2004). Health and safety at work is seen an essential component of CSR and companies are increasingly recognising that they cannot be good externally, while having poor social performance internally (Zwetsloot & Starren, 2004). CSR is also identified as a critical component for engaging SMEs to move the area of OSH forward (HSE, 2005).

These recent international and national CSR initiatives are complemented by innovative safety and health initiatives that go beyond traditional OSH issues and have either an implicit or explicit relationship with CSR. An effect of these initiatives is that they change the context of safety and health at work at company level. Zwetsloot and Starren (2004) in a report for the EASHW categorised these initiatives as:

- Raising awareness, awards and ethical initiatives;
- Exchange of knowledge: best practice, networks, pilot projects, and guidelines;
- Standardisation and certification;
- Reporting (external) and communication;
- Innovative partnerships NGOs, public and private;
- Ethical trade initiatives (‘fair trade’);
- Financial sector involvement / financial incentives.

The nature of the relationship between CSR and OSH varies widely among the initiatives. Some refer explicitly to OSH items while others focus only on new social issues that have no tradition in companies, or on totally voluntary aspects (such as use of unfair labour practices by suppliers in developing countries/new member states). Initiatives for promoting CSR are predominantly private and voluntary, while OSH initiatives are often dominated by legal regulation and governmental action.

7. Corporate social responsibility and psychosocial risk management

The nature of working life has changed significantly during the last decades. There are now more work demands than ever before. Psychosocial risks, work-related stress, workplace violence harassment and bullying are now major occupational health concerns, joining the traditional problems of unemployment and exposure to physical, chemical and biological hazards (European Social Partners, 2004). As discussed earlier in this book, the difference in awareness, prioritisation and approach in dealing with these issues between the member states can act as a barrier in achieving the aims of the Lisbon Strategy. The declaration of the Lisbon Strategy aims at making the European Union the most competitive economy in the world (EC, 2000). This strategy places emphasis on the need to adapt constantly to changes in the information society and to boost research and development and advocates member states to invest in education and training, and to conduct an active policy for employment, making it easier to move to a knowledge economy. After the initial review of the Lisbon strategy in 2005, which indicated that the results achieved had been unconvincing (EC, 2005), further emphasis was laid on fostering new partnerships to promote best practice and to engagement in responsible business practices.
Increasingly, CSR is becoming a strategic platform for health and safety management in enterprises. Companies that are perceived to be frontrunners in supporting human, social and mental resources are often viewed as employers of choice. They see value in promoting such resources in terms of the sustainability of the company itself, and associated to that the sustainability of communities and society. A lot of them address such issues not purely as an obligation in law or dealing with symptoms of ill health and absence, but through a framework of common (business) sense and social responsibility. In doing so, many of these companies go beyond their legal obligations in relation to the management of psychosocial risks and view the promotion of well-being as part of their usual business practices.

As CSR is strategic and is regarded by many companies and corporate leaders as an important development, it offers opportunities for psychosocial risk management. However, the link of CSR with psychosocial risk management has not been addressed clearly before. The PRIMA-EF project attempts to address this shortcoming by analysing the link of CSR with psychosocial risk management and the business case underpinning it. A number of methods were used to explore and analyse this link.

8. Methodology

The methodology was based on the analysis of the existing literature, as well as on quantitative and qualitative research. This included two focus groups and a pilot of key indicators with business networks. The literature review and results have been used to define CSR indicators for psychosocial risk management at the level of the enterprise. The focus groups explored two thematic areas that included a number of key questions:

- What are the main business impacts of psychosocial risks?
- What is the business case for psychosocial risk management?
- What is the workers’ case for psychosocial risk management?
- Identification of internal and external stakeholders and the societal impact of psychosocial risks
- Who are key stakeholders? (and in particular non-traditional stakeholders that may be important to communicate with, or to involve in psychosocial risk management)
- What are the main societal impacts of psychosocial risk management?

8.1. Focus groups and pilot of indicators

Two focus groups on CSR were organised during a two day stakeholder workshop (for more details see chapter 4). The focus groups lasted approximately an hour and a half each. Discussion focused on the above questions. The literature review and discussions from the focus groups were further used to develop a list of CSR indicators for psychosocial risk management. This list was piloted with CSR business networks.

8.1.1. Participants

Fifteen stakeholders representing the social partners (trade unions, employer organisations and governmental organisations), researchers and academic experts in the area participated in the focus groups. On the basis of the focus groups findings and the literature review, twenty-seven indicators for CSR and psychosocial risk management were defined. These were piloted with member organisations of CSR Europe and the Enterprise for Health Network. Responses from fifteen companies were received which are members of these networks.

8.2. Ethics

Prior to commencing the focus groups, the aims and objectives of the PRIMA-EF project and the nature of the focus group were outlined. Participants were informed that all subsequent reports to emerge from this study would not identify any individuals, and would detail only summary findings. Participants gave verbal consent to participate in the study and for the focus groups to be recorded.
9. Results

9.1. Main business impacts of investing in the management of psychosocial risks

9.1.1. Insights from the literature

A healthy and vital workforce is an asset for any organisation. Companies considering a company health programme want to understand the health and business benefits of such an investment (Zwetsloot et al., 2008). However, when the effectiveness of such activities is evaluated, the focus is usually on the health impacts and not on business benefits. The effectiveness of psychosocial risk management is often judged by psychosocial experts against (potential mental) health benefits, and only rarely by managers who may primarily be interested in business benefits. Benefits taken into account are therefore mostly expressed in health improvements and associated cost reductions (see, for example, De Greef, 2004a; 2004b).

Cost reduction is a strategic issue for companies when competing on price and efficiency. For industries in high wage countries that are prone to global competition, such a strategy is not sufficient: they need to go beyond cost reduction and look for assets that generate added value, like creativity, innovation and becoming an employer of choice. Therefore, as in modern quality management (cf. Conti, 1990), the creation of added value is increasingly relevant (Karasek, 2004). It is often stated that prevention is better than cure. Indeed, preventing a problem is often cheaper than solving it. If the investment leads to cost savings larger than the investment, the return on investment is positive. Seen this way, everything that helps to prevent health problems arising should lead to lower costs for solving health problems and to lower associated costs’ (such as costs of sickness absence or for return to work programmes). Effective investments in preventive psychosocial risk management may therefore imply fewer costs associated with health problems.

However, it is good to bear in mind that part of the costs of treatment and consequences of (mental) health problems may not be costs for the employer (but for the health care system, the social security system, or the individual employee). Conti (1993) emphasised the importance of creating added value for the company and its customers, as the natural complement to cost-reductions.

At a stakeholders’ meeting about Integrated Health Management in the Netherlands in November 2005, some front runner companies discussed their ambitions, motives, and goals with regard to health and health activities (Zwetsloot & Van Scheppingen, 2007). One of the main conclusions was that health for these companies is seen as a strategic asset, the motor of development and innovation. For these companies, the reason to invest in health is that they assume that health is a resource to achieve their business targets. These companies point out that they need (physically and mentally) healthy or vital people. Healthy people who work in safe, healthy, and stimulating conditions for these companies are the main prerequisites for productivity, flexibility, continuity, and innovation – the key to surviving as a company. From a business perspective, health for these companies is experienced as an asset that creates added value in terms of innovation and development, besides reducing various costs, like sickness absence costs and medical costs. The European Enterprise for Health network sees the creation of an innovative company culture, where people function optimally, both individually and collectively as the most important goal of health management. Elaborating on Zwetsloot and van Scheppingen (2007), Table 6.1 below groups health and business benefits into four clusters, forming a two by two matrix of cost reductions and added value, related to health and business respectively.

Table 6.1.: A two by two matrix of health and business benefits, with examples (derived from Zwetsloot & Van Scheppingen, 2007)

<table>
<thead>
<tr>
<th>TYPE OF BENEFITS</th>
<th>HEALTH/VITALITY</th>
<th>BUSINESS/ECONOMIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost reductions</td>
<td>e.g. Lower cost for replacing sick people</td>
<td>e.g. Less disturbance in production</td>
</tr>
<tr>
<td>Added value</td>
<td>e.g. Keeping the ageing workforce vital and productive</td>
<td>e.g. Increased labour productivity and manpower efficiency</td>
</tr>
</tbody>
</table>
9.1.2. Focus groups results

In Table 6.2 the results of the focus groups on health and business benefits of psychosocial risk management are presented.

Table 6.2: Health and business benefits of investing in psychosocial risk management

<table>
<thead>
<tr>
<th>TYPE OF BENEFITS</th>
<th>HEALTH/VITALITY</th>
<th>BUSINESS/ECONOMIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost reductions</td>
<td>Improved psychosocial health of workers</td>
<td>Increased productivity</td>
</tr>
<tr>
<td></td>
<td>Reduced sickness absence</td>
<td>Higher job satisfaction</td>
</tr>
<tr>
<td></td>
<td>Reduced health insurance costs</td>
<td>Increased work commitment</td>
</tr>
<tr>
<td>Added values</td>
<td>Added Quality-Adjusted Life Years (QALYs) for employees</td>
<td>Knowledge retention</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lower staff turnover</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reduction in training and recruitment costs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reduced employee turnover</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reduced early retirement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Less confrontation of the organisation with their workers and their Unions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Better public image</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increased long term stability</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Higher employee commitment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Engagement of different partners/stakeholders</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Improved employer reputation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>More commitment of workers to company’s aims</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Better relation with clients</td>
</tr>
</tbody>
</table>

The signing of agreements such as the framework agreement on work-related stress was considered as a step in the right direction but participants considered that a lot needs to be done to get buy-in from organisations. As one of the participants commented, “It is difficult to obtain and maintain commitment from companies in relation to psychosocial risk management, even now”. The workshop participants highlighted the need for developing a clear business case for psychosocial risk management. The participants discussed that even though all the tripartite partners accepted that CSR was related to psychosocial risk management, the ‘win-win’ situation often discussed by trade unions and employers alike still seemed very distant.

Participants commented that both the business and the employee benefit from reduced sickness absence: for the worker reduced sickness meant lesser losses in earning while for the employer the benefit was reported to be the potential of earning higher profits. The availability of low cost interventions for psychosocial risk management was highlighted and the advantages of
implementing such interventions were discussed; these included reduced sickness, reduced employee turnover and therefore reduced health insurance costs which benefit not only the organisation but also society as savings in social security could be allocated to other areas. Participants reported that engaging in psychosocial risk management would help to maintain a healthy workforce; such a workforce was expected to have higher job satisfaction and increased work commitment which would lead to further reduction in organisational costs due to knowledge retention, lower staff turnover and resulting reduction in training and recruitment costs.

The participants also discussed that benefits of engaging in responsible business practices which incorporated psychosocial risk management would include increased long term stability for the business, a better public image and improved employer reputation which would in turn help attract and retain the best employees. While the significant benefits for workers would include better relation with clients, less confrontation of the organisation with their workers and their Unions and increased participation in organisational aims and policies.

9.2. Main stakeholders in psychosocial risk management, beyond traditional stakeholders

The workshop participants discussed the role and involvement of stakeholders in the OSH area, which may be important to communicate with and/or to involve in psychosocial risk management. As traditional stakeholders were concerned, these included:

- Trade unions
- Employer organisations
- Government agencies
- Researchers and academics
- OSH services.

These traditional stakeholders remain very important in OSH and also more specifically for psychosocial risk management.

The non-traditional stakeholders with a clear interest in the business impact and/or societal impacts of psychosocial risks identified are listed in Table 6.3 with a concise explanation of their respective stakes.

Table 6.3: Non-traditional stakeholders in psychosocial risk management and their main interests

<table>
<thead>
<tr>
<th>STAKEHOLDERS</th>
<th>MAIN STAKES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social security agencies</td>
<td>Good psychosocial risk management may reduce the burden of psychosocial problems and help to reduce rising costs of psychosocial problems on social security arrangements1 (for workers compensation, societal costs of mental disabilities and associated unemployment). Social security agencies have a clear stake in prevention.</td>
</tr>
<tr>
<td>Health insurers</td>
<td>Good psychosocial risk management may reduce the rise of health care costs for treatment of psychosocial problems2. Health insurers have a clear stake in (primary and secondary) prevention.</td>
</tr>
<tr>
<td>Families/partners</td>
<td>The psychosocial health of the workers is a very important issue for partners and their families. First of all the stress of a traumatised partner will have a strong impact on family life. Secondly, they are economically depending on the workers earning capacity, which can be seriously threatened by exposure to psychosocial risks.</td>
</tr>
<tr>
<td>(Mental) health care institutions</td>
<td>The rising prevalence of psychosocial problems is a challenge and burden to the health care systems and institutions. Increasing treatment activities may trigger greater interest in prevention.</td>
</tr>
<tr>
<td>Customers/clients</td>
<td>In many jobs people work with clients. If workers suffer from psychosocial illnesses, this is likely to affect the way they work and communicate with</td>
</tr>
</tbody>
</table>

1 Social security arrangements differ widely across the EU. This implies variations in the exact nature of their stakes.

2 The societal arrangements for insurance of health care cost differ widely across the EU. As a consequence there are variations in the stakes of the health insurers.
In some industries psychosocial problems lead to high levels of sickness absence. In companies with severe psychosocial problems, it may also be more difficult to attract talent. As a result the productivity and competitiveness of the company may be affected, implying reduced shareholder value.

NGOs represent civil society groups. Several civil society groups may have an interest in good psychosocial risk management by companies. This may range from organisations of patients of psychosocial disorders, to local groups requiring socially responsible business practices from companies in their neighbourhood.

Shareholders

NGOs

9.3. Main societal impacts of psychosocial risks emerging from enterprises

In the section above, the involvement of stakeholders and their stakes in psychosocial risk management were already clarified. Above that it is important to assess the impact on workers’ health and well-being as well as on their work and life. While it is important for managers to have a “business case” for psychosocial risk management, it is similarly important to have a “personal case” for the workers.

The participants discussed that enterprises could do more in managing contemporary issues such as restructuring, organisational change, work organisation in a more responsible and effective way. Worker participation in such processes, skills training, improvement of systems to promote better work-life balance etc. were discussed. As one participant commented, “There is a need to change today, in terms of current jobs and even when changing jobs; it is reality and needed, but then it must be managed in a responsible way. If people are informed and are assisted, for example, in finding new jobs, or helped with developing new skills, if it is managed in a responsible way then there is a possibility that then they may manage the change more effectively”.

Business schools and universities

Employment agencies

Psychosocial disorders are increasingly relevant as a cause of reduced work ability and rising unemployment. In some countries, many long term unemployed people suffer from mental health problems. Recent literature shows that (re)activation of this target group is more successful when it is combined with work than in the traditional model of treatment and cure before people start working. This implies that employment agencies are having a clear interest in tertiary prevention.

Human resource departments and officers

Within companies, psychosocial issues are relevant for well-being at work, company climate, employee satisfaction and the retention of existing employees. Though coming from another tradition compared to OSH experts, HRM officers are increasingly involved in the management of psychosocial issues at work.

Media

Psychosocial risk management is a societal issue with even growing impact. It is important to many people (workers, their families etc.). As a result the issue is of growing importance to mass media (journals, TV, internet, etc).

Actors of (in) the judiciary system

Psychosocial risks are increasingly having economic implications both for companies and their workers. This is likely to lead to a boost in legal cases, on liability issues. This may form a burden to parts of the juridical system but might be a source of potential income to lawyers.

Business consultants

As psychosocial risks are increasingly having business impacts, advising on these issues will probably not remain the exclusive domain of psychologists and occupational health and safety services. Business consultants are likely to develop a growing interest in this area.
The participants then discussed the advantages of linking psychosocial risk management and CSR in relation to workers’ health and work life balance, these are summarised in Table 6.4.

**Table 6.4:** Health and business benefits to workers of investing in psychosocial risk management

<table>
<thead>
<tr>
<th>TYPE OF BENEFITS</th>
<th>HEALTH AND WELL-BEING OF WORKERS</th>
<th>BROADER BENEFITS TO WORKERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less problems (and associated costs)</td>
<td>Lower stress</td>
<td>Better work-life balance</td>
</tr>
<tr>
<td></td>
<td>Improved health</td>
<td>Increased work ability and employability</td>
</tr>
<tr>
<td>Personal benefits (and added values)</td>
<td>Longer healthier work life</td>
<td>Increased self esteem</td>
</tr>
<tr>
<td></td>
<td>Better well-being</td>
<td>Increased job security</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sense of being valued</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Better satisfaction</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Better quality of life</td>
</tr>
</tbody>
</table>

Participants reported that engaging in responsible business practices which incorporated psychosocial risk management would lead to low stress and related problems among employees and thereby leading to a longer and healthier work life, as well as increased work ability and employability. Other related benefits for employees were reported to include more secure jobs, as the risk of sickness absence was reduced, thereby reducing the fear of lost wages. Also effective changes in work organisation, such as flexible schedules, were expected to help improve the work-life balance for employees. Employees were also expected to experience better well-being and lead happier lives owing to improved physical and mental health.

**9.4. Indicators for CSR and psychosocial risk management**

The indicators are meant to give a strategic overview of the development of psychosocial risk management, using potential synergies with CSR at the enterprise level. Findings indicate that, by and large, all respondents found all the indicators relevant. Sixteen of the twenty-seven indicators that were developed and piloted were found useful for benchmarking at the enterprise level (see Table 6.5 below).

**Table 6.5:** CSR indicators considered relevant and useful for benchmarking at enterprise level

<table>
<thead>
<tr>
<th>AREA</th>
<th>REASONS FOR INDICATORS IN THIS AREA</th>
<th>INDICATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integration into the <em>systems and structures of business operations</em></td>
<td>Both PRIMA and CSR need to be integrated into the companies’ business processes. Integration and implementation into existing management systems and structures are key in this respect.</td>
<td>The enterprise has management information on psychosocial risk management (as part of normal business control or a management system in place)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The enterprise has an explicit policy to address (prevent, reduce, control) psychosocial risks (and comply with legal obligations)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The system for managing psychosocial risks is also</td>
</tr>
<tr>
<td>Integration into the company culture</td>
<td>Both PRIMA and CSR need to be integrated into the companies’ business processes. Besides systems and structures, it is a matter of (company) values and culture and “how things are done around here”.</td>
<td>Leadership is trained and developed to prioritise psychosocial issues and address them openly as a preventive mechanism.</td>
</tr>
<tr>
<td>Integration into learning and development of the organisation</td>
<td>Both CSR and PRIMA are not time limited projects, but rather represent ongoing journeys, were learning adaptation and continuous improvement are key.</td>
<td>All incidents on violence and harassment are recorded, analysed and the lessons learned are communicated.</td>
</tr>
<tr>
<td>Integration into dialogue with stakeholders</td>
<td>Stakeholder involvement is key in CSR; it is useful also beyond the social partners that are part of the OHS/PRIMA tradition. External stakeholders as identified in this chapter all have a stake in PRIMA and may help enterprises in one way or another to further develop it.</td>
<td>The enterprise has an internal reporting system in place on psychosocial problems, that is linked to internal planning and control cycle and to external reporting (e.g. in CSR report).</td>
</tr>
</tbody>
</table>
Some participants suggested that the indicators must include the critical aspect of the level of implemented actions. Further, it was considered important that a company had policies, codes of conduct and guidelines to address psychosocial issues. It was also suggested that differences between small and large enterprises should be considered. A participant advised that in order to benchmark, a database needed to be created. Building such a database would allow the testing of the reliability and robustness of the indicators. Some respondents also expressed the need for clearer definitions in the form of standards. Whether the organisation includes psychosocial risk management indicators within the regular employee attitude survey routine was suggested as a potential indicator, as was active open and external communication from the employee attitude survey.

10. Discussion

The findings from the focus groups highlighted a number of important issues in relation to the link between psychosocial risk management and CSR. While there was unanimous agreement that CSR and responsible business practices were an important issue in relation to psychosocial risk management, the concept might not be clearly understood in companies leading to different/unclear practices. These findings are similar to those found in previous research by Segal et al. (2003) who in a study of the link between CSR and working conditions found that the concept of CSR was still relatively unfamiliar. The findings from the focus groups also indicated that although companies engage in responsible/good business practices they are not always encapsulated within the CSR framework, which again confirm the findings from past research (Leka & Churchill, 2007; Segal et al., 2003). Adopting a single definition of CSR (Kok, van der Wiele, McKenna & Brown, 2001; Blowfield & Frynas, 2005) and raising awareness of the benefits of engaging in responsible business practices would help improve the understanding of the concept. The EU definition of CSR could potentially be accepted as the common definition.

The findings indicated that even though all the tripartite partners accepted that the internal dimension of CSR was related to psychosocial risk management, the ‘win-win’ situation, where employers would voluntarily implementing policies to promote workers’ health due to positive business benefits, often discussed by trade unions and employers alike, still seemed very distant. This can potentially be due to the difference in the use of the term CSR.

The signing of agreements such as the framework agreement on work-related stress in 2004 and the framework agreement on harassment and violence at work in 2007 were considered as steps in the right direction but findings indicated that a lot more needed to be done to get buy-in from organisations. The participants highlighted that in addition to raising awareness of psychosocial issues, a clear business case for psychosocial risk management had to be developed and disseminated to employers. However, more research needs to be conducted on cost-benefit analysis.

Leka et. al. (2003) reported on the negative effects of stress which can affect organisations by causing high rates of absenteeism and staff turnover, disciplinary problems and unsafe working practices, as well as low commitment to work, poor performance, tension and conflicts between colleagues. In addition, stress also damages the image of the organisation, both among its workers and externally, and increases the liability to legal claims and actions by stressed workers; the authors therefore recommended that stress prevention was critical for enterprises. The findings from the focus
groups indicated that the participants supported the view that linking psychosocial risk management and CSR had numerous advantages. Engaging in psychosocial risk management was considered to benefit both the business and the employee in terms of reduced sickness absence, reduced employee turnover, reduced health insurance costs, reduced early retirement, increased job satisfaction and work commitment which would lead to further reduction in organisational costs due to knowledge retention, lower staff turnover and resulting reduction in training and recruitment costs leading to the much discussed ‘win-win’ situation.

The findings also indicated that engaging in responsible business practices which incorporated psychosocial risk management was considered to include increased long term stability for the business, a better public image and improved employer reputation which would in turn help attract and retain the best employees. In spite of the known and accepted benefits of engaging in psychosocial risk management many organisations still do not have policies in place which promote such practices; the lack of availability of a common framework for action and unavailability of easy to use tools and standards can be some of the factors contributing to the current situation.

11. Conclusion and way forward

On the basis of the work focusing on CSR and psychosocial risk management conducted through the PRIMA-EF project, a number of the resulting opportunities for future activities can be identified. Firstly, it is important for further guidance and standards to be identified and indicators to be formalised and used in the area. These will allow clarity among enterprises and policy-makers to be achieved and benchmarking to be promoted across companies, sectors and countries. It will then be possible for appropriate actions to be taken to address gaps in practice. These tools should be promoted across experts, practitioners, enterprise networks on the one hand, and government officials and policy makers on the other and could be also used as an awareness raising tool. In addition, more effort should be dedicated to awareness raising and involvement of a wider range of stakeholders, including non-traditional stakeholders as have been identified in this chapter. Further research should be conducted into defining the business case for psychosocial risk management as well as into addressing ethical dilemmas in the psychosocial risk management process (the identified dilemmas included in this chapter can serve as a starting point). Perhaps the most important challenge lies in instilling a change in perspective by businesses in order to see psychosocial risk management as part of good business practice. A CSR inspired approach can prove useful towards this end (underpinned by the legal context but seeing it as the floor and not the ceiling). In addition to the identified CSR indicators, the final section of this chapter aims at providing some basic elements of a CSR approach to the management of psychosocial issues at work.

11.1. A CSR inspired approach to the management of psychosocial issues at work

- **Make sure that the strategic importance of the management of psychosocial issues is recognised**

Traditional approaches to psychosocial risk management start with a focus on concrete and operational problems (health problems, hazards and risks in specific workplace, of specific activities, etc). The strategic relevance of such approaches is often unclear. As a result leadership support is lacking or is only temporary (as long as the problems are pressing). To develop top management support the strategic relevance of the management of psychosocial issues needs to be clarified. A first step is to develop a business case. In this chapter we used a business case model clarifying the health and business benefits, both in terms of (potential) cost reductions and added values. For clarifying the relevant added value for a specific enterprise, the company’s general strategy and strategic aims form the start. Strategic value can be added when the management of psychosocial risks contributes to the realisation of the company’s strategic aims. It is best to develop such ‘strategic business cases’ in an interactive way (see Zwetsloot & Van Scheppingen, 2007). That is likely to require a ‘resource perspective’ on work health, rather than the ‘protection perspective’ that is usually dominant in risk management approaches. Therefore, it might be relevant to involve human resource staff of internal business strategy consultants as complementary to experts in psychosocial or health risks, as they have valuable experience with the resource perspective.
o **Integrate psychosocial issues in strategies, plans and processes for organisational development**

Sustainable organisational strategies include external as well as internal challenges, for now and the future (Hart & Milstein 2003). When it is clear what the goals of organisational development are, it is possible to assess what requirements in terms of work organisation, work processes, staffing, new competencies that need to be developed, working environment, etc. will be helpful or even essential for their realisation. As the goals of organisational development will require a timeframe of some years, and will be associated with all sorts of changes in work organisation, work processes, etc. the option arises to anticipate these changes, and to include psychosocial issues from the start in the design and decision-making processes thereof (see Zwetsloot & Van Scheppingen, 2006 on such strategies). In this way, lessons learned from dealing with psychosocial risk can be taken into account in organisational development. This is likely to lead to much more effective (primary and secondary) prevention, while saving costs and delivering strategic added value to the enterprise.

o **Organise a good balance between implementation of systems, internalisation of values, and organisational learning processes**

The importance of the implementation of systems and procedures

The management of psychosocial issues and risks is requiring systematically planned activities (see chapter 1: PRIMA Framework). This can and should be integrated in the management systems the company may have to manage risks in general, e.g. via integrating it in OSH Management Systems, or in the planning and control cycle or other existing procedures. For their realisation, the plans and measures have to be implemented.

The importance of internalisation of values and responsible behaviour

However, the management of psychosocial issues and risks is also about ethics and values, about doing the right things (as complementary to doing things right – see Zwetsloot 2003), i.e. it is about awareness, responsible behaviour and walking the talk. Plans or technical and organisational measures are usually not very helpful in bringing about such behavioural change. That is usually greatly influenced (positively or negatively) by social interactions (including leadership) and the organisational culture. In fact these factors greatly influence, in an informal but often surprisingly effective way, behaviour, i.e. “how things are done around here”. While the keyword for systems and plans is implementation, for values and for ethical and behavioural aspects it is **internalisation**. As part of CSR policy many companies provide training to their employees about corporate values and how to deal with ethical dilemmas. Values related to psychosocial issues, and ethical dilemmas could easily be integrated into such CSR approaches.

The importance of individual as well as collective learning processes

The implementation of plans and procedures and the internalisation of values and responsible behaviour cannot be achieved without individual and collective learning processes. The importance thereof is often underestimated. Learning may be from experience, without knowing or managing it consciously. However, the awareness of learning creates the process of managing the learning process. The idea of collective learning processes is actually also underlying the EU legislation on health and safety as the EU Directive 89/911 is an example of so called “reflexive law”. It addresses not only the personal responsibility of the employer and the employees, but presupposes (sometimes implicitly) that these key agents reflect on existing workplaces and work processes, and the associated hazards and risks. In this way, EU legislation attributes a central role to the employer and the employees as responsible key agents in a process of self-regulation and self-reflection. Apart from its legal status, this is very well compatible with a CSR inspired approach to psychosocial risk management.

o **Be aware of the societal impacts of psychosocial risks at the workplace, but also of the business impact of psychosocial issues in society**

For enterprises there are two kinds of impacts that are to be managed in relation to psychosocial issues (Frick & Zwetsloot, 2007):

1. The impact of business activities on psychosocial risks and workers’ health (and the potential societal impacts thereof), and
The impact of psychosocial health of employees on the business. Health in itself is rarely a primary business interest. However, the health of employees does often strongly influence the business. This can, for example, work through employees’ capacity and motivation to work, the degree of openness of their minds, etc. While the primary concern of the workers is the management of the first kind of impact, the primary concern for management is often the second kind. This emphasises once more that a combination of the two perspectives is needed for successful management of psychosocial issues.

- **Engage with stakeholders, also with key non-traditional stakeholders**

In this chapter we have identified a range of non-traditional stakeholders that have a stake in psychosocial risk management. Especially the stakeholders with a clear economic or personal interest can be regarded as key stakeholders: social security agencies, health insurers, families and partners of employees, and (mental) health care institutions and professionals. As CSR strategies always include engaging with stakeholders, it seems a logical step for enterprises to start engaging with this range of key stakeholders. From the CSR literature it is known that this type of stakeholder engagement may have its own dynamics, from trust, via inform, to involve (see Table 6.6 below).

| **Table 6.6.:** Characterisation of various types of stakeholder engagement |
|-----------------|----------------------------------------------------------------------------------|
| **Trust:**      | We are a responsible firm, so our stakeholders can trust we are good for society |
| **Inform:**     | We are a responsible firm, we want to be transparent, and therefore we will inform our stakeholders about our impact on society and how we manage that impact |
| **Involve:**    | We are a responsible firm, we take the interests of our stakeholders very seriously, and therefore we want to involve our stakeholders to make sure we have a positive impact on society |

The greater the involvement of key stakeholders such as social security agencies, health insurers, families and partners of employees and (mental) health care institutions and professionals, the more likely it is that the management of psychosocial issues will be and remain of strategic importance to the enterprise.

- **A CSR inspired approach to the management of psychosocial issues: a macro policy challenge**

Above we have outlined some elements for a CSR inspired approach to the management of psychosocial issues. For policy makers this opens up new perspectives as well. In the first place they can integrate psychosocial aspects into other policies affecting the changing world of work. This can be done in a way similar to the integration into business processes at the enterprise level. They can also inform and engage with both the traditional stakeholders and the above mentioned non-traditional key stakeholders, in the policy making process. This is likely to lead to greater societal awareness and greater societal support for policies stimulating positively (mental) health as an economic resource (both at the enterprise and national level). In this way macro policies are likely to be more effective and synergetic.

The following chapter explores in more detail the macro policy level and its impact on the management of psychosocial risks by focusing on the often neglected key concept of policy-level interventions.
References


