A COMPREHENSIVE VIEW
ON OCCUPATIONAL HEALTH AND SAFETY
AS A PART OF RESPONSIBLE REWARDING

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Summary: The concept of Corporate Social Responsibility (CSR) has a tremendous impact on the Human Capital Management, which is manifested in new trends in rewarding, such as responsible rewarding or total rewards approach. These approaches based on the assumptions of Corporate Social Responsibility promote the need for a holistic view on a human and therefore emphasize the working environment as an important aspect of the comprehensive employee rewarding policy within an organization. The aim of this paper is thus to raise awareness of the role that a supportive working environment and occupational health and safety (OSH) in particular play today in the effective and responsible employee management. The authors show an integrated view of OSH as a part of employee responsible rewarding. In this context, responsible rewarding takes into account the important issue of healthy and safe working conditions. This broad perception of employee rewarding allows the creation of a supportive work environment and strengthens the safety culture within the organization.

Keywords: responsible rewarding, occupational health and safety, human capital, Corporate Social Responsibility.

Streszczenie: Koncepcja społecznej odpowiedzialności biznesu (CSR) wywiera ogromny wpływ na zarządzanie kapitałem ludzkim (ZKL), co przejawia się nowymi trendami w kształtowaniu systemów wynagradzania, takimi jak odpowiedzialne wynagradzanie czy koncepcja całkowitych korzyści z wynagradzania (TR). Koncepcje te, bazując na założeniach społecznej odpowiedzialności, promują holistyczne spojrzenie na człowieka w organizacji, dlatego ujmują środowisko pracy jako ważny element kompleksowej polityki wynagradzania pracowników. Celem niniejszego artykułu jest pokazanie roli, jaką w kształtowaniu systemu wynagrodzeń odgrywa wspierające środowisko pracy, ze szczególnym uwzględnieniem zdrowych i bezpiecznych warunków pracy (BHP). W pierwszej części artykułu obszar BHP jest przedstawiony jako integralny element odpowiedzialnego wynagradzania. W drugiej części autorki skupiają się na analizie roli BHP jako elementu procesu budującego kapitał ludzki w organizacji. W konkluzji stwierdzono, że szerokie spojrzenie na system wynagradzania
1. Introduction

Modern trends and concepts in management science stress the strategic importance of people in organizations and the mutual rights and obligations of employer and employee. This is reflected in the concept of Human Capital (HC), now viewed as the most important asset of every business, as it allows for gaining a competitive advantage in the future. [Baron, Armstrong 2007; Davenport 1999; Jamka 2011].

The concept of HC refers to the added value that people provide for organizations. [Brown 2006] Baron and Armstrong [2007] view human capital as one of the most important elements of the intangible assets of an organization. Human Capital Management (HCM) may be described as a strategic approach to people management that “seeks systematically to analyze, measure and evaluate how people policies and practices create value”. [Accounting for... 2003; Baron, Armstrong 2007, p. 5]

On one hand, HCM stresses the importance of people for the organization; on the other, it reflects the need for managing and evaluating information about organizational assets and their input in achieving strategic goals. However, as Davenport comments, capital does not reside in the organization, but in the people who work for that organization. It is the employees with the necessary abilities who demonstrate desired behaviors and bring energy to their work. Employees make their own choices and decide whether and how they will contribute to value creation. [Davenport 1999] This shows that, even if we view people in organizations as an asset, we also have to recognize their needs, individual goals, and expectations. That kind of holistic management approach is embodied in the concept of Corporate Social Responsibility (CSR), which underlines the importance of sustainability of the value creation process. [Laszlo 2008, pp. 57-61] Although an understanding of human capital in the organization should be common to both human resource management and CSR, some researchers still stress that treating employees only as resources or assets may violate their humanity. [Crane, Matten 2010] The rewarding system in particular is subject to this kind of problem and therefore requires systematical evaluation. Its contribution to organizational goals should be examined, along with its compliance with individual and collective needs and goals.

The call for integration of management practices requires new solutions that enable a more comprehensive view. The aim of this paper is thus to raise the awareness of the role that a supportive working environment (and occupational health and safety (OSH)) play in effective and responsible rewarding. The article is structured as follow: in the first section (after the Introduction) the authors provide a literature review and
the analysis of guidelines and standards according to requirements on OSH emerging from modern trends in CSR (SA8000, GRI, ISO 26000). In the second section OSH is discussed as a part of HCM. The authors show how norms and values incorporated within strategies and polices and HCM system influence individual’s behavior and promote culture of responsibility. The article ends with a conclusion on the integrated view of OSH that takes into account the importance of healthy and safe working conditions as a part of employer responsible rewarding.

2. OSH as a key to responsible management

Changes in the economy lead to both internal and external conflicts. External conflicts may occur between organizations and their external stakeholders, while internal conflicts may occur between the goals of a firm and the interests of its participants – management or employees. [Lewicka-Strzalecka 2006] As the call for responsibility in management increases, a new management philosophy is required. The concept of Corporate Social Responsibility (CSR) concentrates on a holistic view of the organization and its environment. EC defined CSR as “the responsibility of enterprises for their impacts on society. […] CSR is increasingly important to the competitiveness of enterprises. It can bring benefits in terms of risk management, cost savings, access to capital, customer relationships, human resource management, and innovation capacity.” Two goals are underlined: [European Commission 2011, p. 6]

• maximizing the creation of shared value for owners/shareholders and for their other stakeholders and society,
• identifying, preventing, and mitigating possible adverse impacts.

Thus CSR is recognized as a business strategy focused on both improving corporate performance in a wide sense: economic, environmental, and societal outputs, as well as preventing possible negative impacts of businesses on society as a whole. As Peter Drucker [2006] mentioned, the main goal of every organization should not be profit maximization, but rather minimization of losses. In this context, we understand that organizations should not only avoid practices that may squander or limit chances for development in terms of the triple bottom line: economic, societal, and environmental [Elkington 2002] but also fulfill promises given to stakeholders.

The Green Paper (2001) lists Occupational Health and Safety (OSH) next to Human Resources Management (HRM) and adaption to change and management of environmental impacts and natural resources as an internal dimension of CSR. OSH has traditionally been considered as a legal obligation and therefore, it was examined mostly from the perspective of legislation and enforcement measures. In 2001, EC stressed three challenges concerning the CSR view on OSH [Commission of the European Communities 2001, pp. 8-9]:

• Promoting OSH issues by setting them as a criteria in procuring products and services from other companies and as a marketing element for promoting their products or services.
Increasing demand for measuring, documenting, and communicating these qualities in the marketing material.

The development of generic procurement schemes based on uniform requirements for contractor occupational safety and health training or management systems. This underlines the need for the integration of OSH issues within the management system, as well as preparation for transparent communication on this subject.

Subsequently, EC promoted a dialogue on issues such as employability, demographic change, and workplace challenges (including also employee health and well-being) and treated OSH as part of labor and employment practices. This shows that OSH was beginning to be seen as a part of corporate strategy and not just part of a management system. The role that OSH plays in creating a responsible work environment is well reflected by guidelines and standards on CSR used for assessing the workplace (Table 1).

Table 1. OSH in chosen CSR guidelines and standards

<table>
<thead>
<tr>
<th>CSR Guidelines and Standards</th>
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<tbody>
<tr>
<td>SA8000</td>
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<tr>
<td>Assuring health and safety work conditions for all employees</td>
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<tr>
<td>Preventing accidents and occupational diseases (work environment workplace design)</td>
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<tr>
<td>Involving high management in OSH issues</td>
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<td>Systematical training on OSH</td>
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<td>Implementation of OSH management system</td>
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<td>GRI</td>
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<tr>
<td>Indicators on OSH:</td>
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<tr>
<td>GR LA5: Percentage of total workforce represented in formal joint management – worker health and safety committees that help monitor and advise on OSH programs</td>
</tr>
<tr>
<td>GR LA6: Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and gender</td>
</tr>
<tr>
<td>GR LA7: Workers with high incidence or high risk of diseases related to their occupation</td>
</tr>
<tr>
<td>GR LA8: Health and safety topics in formal agreements with trade unions</td>
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<td>ISO 26000</td>
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<td>OSH management system is treated as one of the main CSR domains that enables and increases organizational ability to implement CSR practice. According to ISO 26000, OSH refers to both compliance with the law and involvement of employee expectations toward the actions taken in the areas of OSH concerning:</td>
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<tr>
<td>• transparent policy and reporting on OSH issues,</td>
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<tr>
<td>• Monitoring and evaluations of OSH data regarding prevention of undesirable incidents and improvement of workplace environment,</td>
</tr>
<tr>
<td>• trainings for management and employees on CSR and OSH issues, identification of training needs, increasing worker motivation to engage in OSH programs,</td>
</tr>
<tr>
<td>• systematic planning of CSR practices in OSH areas supported by top management (e.g. improving the psycho-sociological work environment (for example stress reduction), improving Work-Life Balance, promoting a healthy lifestyle, offering special OSH programs for employee groups: older workers, women, disabled workers),</td>
</tr>
<tr>
<td>• combating unethical and unfair behavior (e.g. hiding accidents at work), mobbing, physical violence).</td>
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Source: [ISO, 26000… 2010; G4 Sustainability… 2013; Pawłowska 2011; Pęciłło 2011].
A well-organized OSH system sets fundamentals for CSR policy and practices. As the European Agency for Safety and Health at Work (2007) stresses, one of the main advantages resulting from OSH is demonstration that business is socially responsible. Other listed advantages refer to social and economic benefits from actions taken [Factssheet 77 2007]:
- protection and enhancement of the brand image and brand value,
- maximizing worker productivity,
- enhancing employee commitment to business,
- building a more competent, healthier workforce,
- reducing business costs and disruption,
- enabling enterprises to meet customer OSH expectations,
- encouraging workforce to live active, healthy lives.

Linking OSH performance to business rewards is also recommended, as integrated and transparent OSH management may strengthen organizational performance. [Factssheet 77 2007] All these aspects show the strategic role that OSH plays in achieving organizational goals within human capital management policies. What is more, investments in OSH meet the expectations of employees and fulfill their security needs. Thus, improving quality of working life is crucial for attracting and maintaining a highly qualified workforce. [Fruhen et al. 2015]

OSH is thus an integral and most crucial element of a supportive work environment. Awareness of the role of OSH, extension of the rewarding system by OSH, and investments in this area provide responsible rewarding.

According to the authors, responsible rewarding (the rewarding of people in a company) is the realization of CSR in compensation systems. Responsible rewarding means that the way in which employees are compensated for their work should respect them as persons and respond to their needs. Responsible rewarding provides a reward philosophy, processes, procedures, and tools that integrate the interests of all stakeholders, especially employees and employers. It also recognizes human subjectivity within the organization and humans as a “whole” and therefore creates favorable conditions for further sustainable development of the organization and its people, as well as for other stakeholders of the organization. [Klimkiewicz, Beck-Krala 2015] A coherent and well-designed compensation system will help in achieving the objectives of all stakeholders of the company.

3. Healthy and safe work environment –
an integrated view from HCM perspective

As it was already shown, OSH has been recognized as an important issue in CSR policy. [Kaźmierczak 2014; Segal et al. 2003] However, in the HRM literature work conditions and OSH issues are shown as functional activities [Heneman et al. 1986] or part of employee and labor relations. [Mathis, Jackson 1997] Today, when integrated information about the effects of organizational actions is needed, we agree that OSH should be involved in the HC strategy and treated as an integral part of it.
OSH policy refers to occupational health and safety protection and prevention from work-related injuries, ill health, diseases and incidents, assurance of OSH policy compliance with law, and encouraging employee participation in OSH issues, as well as constant improvement of the OSH management system performance [Guidelines on Occupational... 2009] OSH thus refers to creating a safe and supportive work environment, in both a material and immaterial sense; therefore, we understand it to be part of a reward system that assures the proper functioning of all other elements of HR policies and practices. Recognition of the mutual dependence and interrelation between the OSH and HR systems requires a multilevel analysis, consisting of three different dimensions: organizational (strategy and policies), management (system and practices), and individual (employees, managers, customers, suppliers, etc.).

Figure 1. Multidimensional approach to analyze the role of OSH in responsible HCM formation
Source: own work.

The first stage incorporates OSH issues into organizational strategy and polices. According to Freeman and Gilbert [1988], the strategy shows the understanding of stakeholder values and reflects the fact that each strategic decision is, in essence, a moral one. As we commented in a previous section, the CSR perspective sees in OSH an area of competitive advantage creation as well as a preventive strategy. Therefore, we agree that both creating a supportive work environment [Towers 2004; Reconnecting with... 2005] and effective prevention [Boczkowska 2014] should be seen as important elements of organizational strategy. As such, we acknowledge that strategy should provide an integrated view on HC in the organization, respecting people’s personal dignity, respecting their needs, and protecting them from any form of harm.
Becker, Huselid, & Ulrich [2001a] propose an integrated view on measuring HR alignment, referring to the concept that supporting corporate strategy by HCM policy refers to external alignment of HR with that corporate strategy. The second dimension of this integrated view concerns internal alignment, showing the compatibility between the role of the HR Department and developing managerial competences in terms of leading people. [Becker et al. 2001a, pp. 131-135] In other words, the system should be internally consistent. This means that all HC elements [Becker et al. 2001b] should work together to support the whole HCM system. In this context, the role of OSH as a part of HCM lies in supporting other elements of the HCM system; these include planning, recruiting, evaluation and control, development, and internal communication.

The next stage refers to the formation of the HCM system and the essential role of OSH. First, there is a close, direct connection between the remuneration system and OSH issues, as work difficulty and work environment constitute criteria used for work measurement in the process of job evaluation and then job pricing (base salary). There is both a physical working environment (e.g. microclimate, air pollution, humidity, vibrations) and a socio-psychological one (e.g., stress, contact with people).

Job evaluation usually takes into account the possible occurrence of accidents at work. For example, unsafe working conditions are identified or the number of dangerous factors and their intensity is noted. Job evaluation reflects the value of work and estimates pay structure (pay grades and ranges). Therefore, the evaluation of the quality of the work environment is partly included in the compensation system. This mostly covers issues concerning compensation for workplace-related accidents or injuries.

The third stage concerns the influence of OSH issues towards individuals in the organization. The costs of occupational accidents determine in a wide scope the work environment in both a material and immaterial sense. [Rikhardsson, Impgaard 2004] Factors that may disturb the work environment and lead to deterioration in the quality of work conditions may affect an individual in the material (e.g. financial consequences, physical injuries, difficult work postures or work movements) as well as the immaterial sense (e.g. psychological, motivational, social consequences, consequences for the family of affected employees and those coworkers).

The most commonly mentioned psychological factors concern stress – time-pressure or overload of work, and stress associated with the possibility of losing a job in the near future. Other psychological factors that may negatively influence employees are related to employee misconduct, as, for example, violence or threat of violence and harassment. [Accidents at Work... 2014] There are also significant costs associated with eliminating barriers and counterproductive and dysfunctional behaviors, such as bullying or discrimination at work, which may indirectly contribute to accidents in the workplace and to low performance of employees. [Werbel, Balkin 2010] Regarding this aspect, more and more attention is being paid to such negative consequences for employees as depression or burnout. These conditions result in increased costs on an organizational level, as employers cope with low labor productivity, increasing labor costs (replacement, hiring new people) or, in the case of pathological behavior,
litigation expenses, damaged reputation, and more. On the other hand, employers can
fund health promotion programs such as recreational packages, provide trainings on
OSH issues, and reward employees for promoting OSH or participation in building
a culture of safety.

**Table 2.** The elements of a supportive work environment within the organization

<table>
<thead>
<tr>
<th>Material/Tangible aspects of work environment</th>
<th>Immaterial/Intangible aspects of work environment</th>
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<tr>
<td>Physical environment:</td>
<td>Social relations in the workplace:</td>
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<tr>
<td>• technical conditions of work (machinery,</td>
<td>• training and development opportunities,</td>
</tr>
<tr>
<td>equipment, protective clothing,</td>
<td>• good relations and positive atmosphere,</td>
</tr>
<tr>
<td>• physicochemical conditions of work (lighting,</td>
<td>• good leadership,</td>
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<tr>
<td>noise, dust),</td>
<td>• employee participation,</td>
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<tr>
<td>• good workplace conditions, including</td>
<td>• organizational culture – main values and</td>
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<tr>
<td>physical structures and environment,</td>
<td>ethical codes,</td>
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<tr>
<td>• modern and safe technical equipment (e.g.</td>
<td>• effective communication.</td>
</tr>
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<td>monitors). Good social facilities at work (</td>
<td>Organizational policy – procedures and programs</td>
</tr>
<tr>
<td>kitchen)</td>
<td>offered:</td>
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<tr>
<td>• includes equipment and social rooms,</td>
<td>• health and safety programs at work – policies</td>
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<tr>
<td>etc.</td>
<td>and procedures – the OSH Management system,</td>
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<tr>
<td></td>
<td>• wide range of flexible benefits offered</td>
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<td></td>
<td>(health care benefits, health-care promotion</td>
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<td></td>
<td>programs),</td>
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<td></td>
<td>• flexible work programs,</td>
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<td></td>
<td>• work-life programs,</td>
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<td></td>
<td>• CSR programs,</td>
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<td></td>
<td>• well-being programs.</td>
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</table>

Source: based on [Penc, Szwemberg 1975, p. 7].

All these show that OSH as a part of HCM system concerns creating a safe and
supportive work environment on two levels – tangible and intangible (Table 2). Both levels incur expenses in the interests of safety. The tangible (or material) work
environment should take into account expenses incurred when the appropriate physical
conditions are created, relative to ergonomics and physical security, such as appropriate
monitors and lighting in the workplace and prevention and mitigation of hazardous
effects of mechanical vibration or dust. On the other ensuring the intangible quality
of the working environment, requires reducing the pressure and intensity of stress in
the workplace, contains the costs of Work-Life Balance programs, and medical care
or psychological therapy. The costs of mitigating the negative effects associated with
the latter element are increasing and becoming more visible in a long term perspective,
sometimes damaging the reputation of the employer or the worker’s life.

4. Conclusion

Competition, globalization, and continuous changes in the marketplace have driven
important changes in human resources. Today, it is more important than ever to ensure
a strategic, holistic, and integrated approach to compensation within organizations.
Two approaches were considered as providing integrated views on HC in organizations: the concept of HCM that stresses the importance of an integrated evaluation and the measurement of all HR functions, and the ethical perspective represented by the concept of CSR, where the basic assumption is that organizations should respect human dignity. In organizational practice, this means introducing company policies and programs that enable achieving organizational goals while also respecting employee needs and expectations. In this context, a supportive work environment and, especially, an Occupational Safety and Health (OSH) system is seen as fundamental for achieving both objectives.

CSR and HCM policy is obligatory for building employee engagement and motivation. Incorporating OSH into the HCM system and linking it to the compensation system allows for a more accurate and comprehensive way of monitoring and evaluating the influence that organizational policies and practices have on employees. In regard to supportive work environments, employers need to take into account the tangible and intangible aspects of work environment. Both aspects consist of some elements that must be fully integrated to support desired employee behaviors and, at the same time, create a high quality of work life.

A comprehensive evaluation of the compensation system that incorporates OSH will help improve employee performance with no harm to their safety and health and will not result in longer working hours and work overload. The idea or responsible rewarding brings forward the realization of systemic CSR approach within management systems. It provides a holistic view and links two seemingly contradicting elements of management system: performance and safety management. From this point of view OSH as a part of rewarding system may be evaluated not only due to the occurring costs, but it may be seen as an investment that adds to the achievement of strategic goals. Such a balanced cost-benefit analysis provides information that can enable organizations to recognize OSH as a strategically important element of both HCM and organizational strategy.

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A comprehensive view on occupational health and safety...


