The SH&E agenda, globalisation and reputable business management

‘Conferences now direct policy towards the market ownership of welfare in first and third worlds, while welfare state activity continues and coordinates these efforts.’

By Ian Eddington

Western cultural conditions are favourable for the emergence of a more widespread pursuit of social and responsible business within a safe and civil society. Several forces are driving this emergence while some barriers to its progress remain.

We should discuss the opportunities for, and responsibilities of the SH&E profession in this context. This paper directly addresses the Noshcon 2003 theme, The Ultimate Challenge: Reputable Business Management towards Global Unity.

It takes as given (a) that social and responsible business behaviour is essential for human society, (b) that under conditions of enlightened political and boardroom leadership, it is possible to successfully promote reputable business management and a beneficial global approach to SH&E matters in civil society, and (c) that a unified and consistent global approach to such matters need not compromise or threaten diversity, versatility, or cultural and national independence.

In spite of the moral relativism of the present age, the SH&E agenda has progressed steadily, and through its duty of care and due diligence dictums has always been a pillar of support for social and responsible business.

Today’s SH&E concerns are at the centre of third wave environmentalism and Agenda 21 globalisation. There is also evidence of the emergence of a purposiveness towards others, of the kind predicted by Keynes in 1928, even though driven by different forces than he predicted. While the SH&E agenda is ethically driven, it is expressed in factual knowledge of standards and codes.

The profession must now take its relevance to the political struggle for social and responsible business.

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Profit and welfare

Notwithstanding favourable conditions, social and responsible business is unlikely to be achieved unless willed for, planned and implemented.

Under the drivers of Agenda 21 and the market ownership of H&E and respectability, business is fixed with bringing health and prosperity to the underdeveloped world. Governments and global organisations like the World Bank are ready to facilitate this stewardship.

Friedman’s dictum that the only “social responsibility” of business is to increase its profits is now passé.

While the final cause of competitive context spending is not far removed from profit maximisation, such spending is a decidedly social and responsible means to business ends. It is innovatory business thinking, which is compatible with Agenda 21 innovation because it aligns long-term business prospects with socio-economic goals.

For all this market-driven goodness, markets do often fail, and self-regulation alone does not work. Basing a do-it-yourself state on the skills of consultants may rely too much on obsolete knowledge.

Some governments have already divested much of their responsibility for social welfare while others, which never did shoulder much of it, preserved the status quo. Superannuation fund investing for social security began to replace government funded pension schemes, while governments enabled firms to shoulder their own H&S and fiduciary responsibility.

Through Agenda 21 protocols, firms were also fixed with developing markets in underdeveloped countries and promoting welfare along with their profit potential.

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New perception

All this responsibility has begotten some conservatism in society and business. A new perception has emerged which understands that to tolerate corrupt, inefficient and socially irresponsible managerial and boardroom practice is very much to rob oneself, rather than government and others, of profits now and in the future superannuation dreamtime.

This perception has been heightened recently by major business scandals that strike at the heart of confidence in the capitalist system. There is an increasing willingness for business to build its own welfare system, and thereby its continued existence and future profitability, and awareness that responsible business is pivotal to social security.

Anything less than social and responsible business is free riding and cannibalisation of a social security system hatched on private sector investments and clean institutions.

The UN (ILO/WHO/UNCED) brokerage of the Second and Third wave SH&E phenomenon involved, at first, SH&E conferences on the establishment of government agencies and laws. Secondy, conferences called up SH&E strategies for government agencies, ministries, and taxation authorities to implement. Present conferences direct political conscience and treasury spending towards the market ownership of welfare and the market-led growth of sustainable development in developed and underdeveloped countries. Of course welfare state activity also continues. It is exciting to see these institutions are rejuvenating, and coordinating their efforts.

Dignity v prosecution

The ILO (visit http://www.ilo.org/public/english/) for example, talks of reconceptualising work and has developed and Index of Socio-economic Security, the SES Index. This index is associated with seven forms of socio economic security and “decent work.”

Managers and shareholders are being invited to think about dignified work and note the backup work of intergovernmental agencies.

But perhaps the most telling sign of rejuvenation and leadership of third wave/Agenda 21 initiative, is the Declaration on Fundamental Principles and Rights at Work and the programme associated with its reinforcement. The ILO flags the possibility that its labour standards may be used incorrectly for protectionist purposes.

Governments working alone, or in cahoots with business or other groups, should know that politicisation of standards is not on. Of course many will try it on and some will be successful either due to their own insensitivity or the stupidity of the system.

The Declaration is encouraging and business is crucial to achieving the social justice, security and peace it seeks.

World trade


The WTO, by calling up the Singapore Ministerial Declaration, also recognises the ILO as the competent body to set and deal with these standards, and affirms support for the ILO’s work in promoting them.

S&H are implicit in the clean processes required. The WTO prescribes SH&E provisions in, for example, Article 20 of the GATT, the technical barriers to trade including product and industrial standards.

Global standards

Watchdogs and NGO’s will be on the lookout for nations who try to slip in

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relaxed legislature to circumvent the standards contained in international agreements. While globalisation could be a defence against politisation of standards, global SH&E standards and best practice can be achieved without threatening diversity or culture, as has been partly proven for example, by the EU.

Global organisations are moving towards enforcing the standards that back up their social agendas.

Ratification rates of UN SH&E Conventions does not clarify matters. Best practice SH&E behaviour can be seen emerging in countries that have not ratified conventions and worst practice from those who have, but that will not derail the trend.

**NGOs and activists**

The existence of some 40,000 NGOs is recorded (Giddens, 2003). Some will be little better than businesses, political or government fronts, free riders or politicians, managing unilateral agendas.

Do NGO’s face the same crisis of trust faced by government, business and “institutions”? Yes and no.

Some NGOs are leaders in change. See for example the work of Transparency International (TI) (http://www.transparency.org/) and its association with the UN’s Global Programme Against Corruption.

The World Social Forum homepage (http://www.forumsocialmundial.org.br/home.asp) and its linkages is a must visit as it provides a questioning view of the World Economic Forum motives, provides a charter of its own, and gives a good indication of people power in search of social justice.

The Organisation for Economic Cooperation and Development (OECD) is an intergovernmental organization that works closely with NGO’s. The World Economic Forum is another institution relevant to this discussion. The OECD’s Principles of Corporate Governance (http://www.oecd.org/pdf/M00008000/M0008299.pdf), and other reform initiatives also highlight responsible business management. Even governments could use these well-organised inputs to implement policies.

Interestingly, future business leaders acknowledge some utility in activism. The World Economic Forum “supports the rights of free speech and peaceful assembly, but adamantly opposes violence and destruction of property”.

If government, businesses or other movements behave too badly, some people will begin to do things. Perhaps some are incapable of this and therein lies a civil problem, or perhaps moral relativism was only a middle class phenomenon, western at that and over for now? Perhaps underneath, it never really was.

More and more people are taking decided positions on social issues, the eradication of poverty, improved social justice and the fight against corruption in government and industry being paramount. The forces driving this search seem to be a mixture of economics, self-interest and ethics.

**The business of business**

Shining examples of ethical business success include the Mondragon approach (visit http://www.mondragon.mcc.es/). It began in 1943 and the organisation still flourishes today. No doubt close community ties play a significant part.

The history of the Scott Bader Commonwealth (http://www.scottbader.com/pub.nsf/Content/UK_Company+Homepage) also reveals an alternate approach to business. The enlightened management protocols of General Electric are the stuff of MBA case studies. Ongoing examples of business attempting to engage ethics can be found in the chemical industry’s Responsible Care programme (http://www.cefic.org) and the International Chamber of Commerce’s Business Charter for Sustainable Development (http://www.iccwbo.org/home/environment/charter.asp).

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**Global law**

Although international law relies heavily on cooperation, nations have shown that they can cooperate when conditions are right. The speedy resolution of ozone regulations is an example even though an illegal market is said to operate. “International” law is also evolving by diplomatic routes.

The principle of extending national laws to apply to the personal conduct of citizens abroad, could spread to apply to corporate citizens, where international standards are clear and agreed.

International SH&E standards are increasingly packaged as integrated management systems that call up education and quality dimensions. There is also ongoing research in universities and elsewhere in exploring ways to integrate ethical behaviour into management systems matrices.

**Challenges**

Some barriers to reputable business management remain. Governments, firms and individuals are increasingly competent in spinning all kinds of change as reform. Two of the many idols inherent in the human tribe are human soul barriers and intellectual-technical barriers.

Reforms perceived as threatening to entrenched position, easy money, and vanity/power status are opposed in a number of ways which range from subtle to brutal.

Intellectual-technical or socio-intellectual barriers to change relate to the difficulty humans face in changing their mental frames of reference and to joining or leaving groups. The overthrow of a dominant voice or paradigm, even when this voice is not malevolent, is complex and may take time or even fail.

For example what is the dominant voice in SH&E: law, health, industrial relations, John Donne ethic, or quality assurance and profitability? All are relevant, but which should take precedence in decision-making and which should get more funding?

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<th>Barrier Type</th>
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| Human soul barriers | Maintain statutory SH&E standards  
Work out of ego: apply rules sensitively and equitably  
Commission research on the history and philosophy of the SH&E discipline and about its social and ethical dimensions  
Support the return of the study of classics in primary, secondary and tertiary education |
| Intellectual-technical barriers | Build strategic alliances in order to enhance competitive context for the profession  
Select a spread of conference topics to embrace multiple voices including other than dominant ones |
| Political hegemony, failure of government | Maintain a professional (rather than political) dialogue whenever possible  
When political dialogue is necessary do not involve SH&E standards and codes except honestly and for the purpose for which they were assembled  
Tender for, or proactively seek to carry out SH&E activity, where government is seen to fail  
Maintain professional pressure against the watering down of national standards for political or economic gain |
| Technical failure barriers | Sponsor research into tools and techniques and their application  
Conduct in-service training in tools and techniques |
| Infrastructure deficiency | Establish professional association scholarships in education and training for persons from lands deficient in infrastructure  
Sponsor key persons from infrastructure deficient countries to annual scientific meetings |
| Diversity and fragmentation | Alone or in cooperation with other likeminded professions, tender for, and bring forward, general and unifying programmes like the UN’s Safe City programme. |
| Cultural divide, taboo and loss of trust | Maintain international professional contacts and through a shared belief in unifying standards and protocols remain true to purpose even in the face of divisive political, religious and cultural turmoil  
Follow UN attempts at ecumenical acceptance of common standards and echo these attempts nationally through conference sessions and editorial comment  
Invite representatives of indigenous people and/or hard to reach groups to conferences and scientific meetings to have them explain SH&E needs and acceptable delivery protocols  
Communicate to governments and industries and other key institutions, in direct and professional terms, the profession’s unwillingness to be manipulated by spin, or to be involved in cover-up, or to be captured by the stronger party in third wave cooperation. |

Government failure as a barrier is part of the reason for the conference theme itself. The world has been forced to witness an ongoing spectacle of government failures on political or corruption grounds. Whole generations are lost to the benefits of reform in these situations.

Institutional failures (banks, stock exchanges, police forces, courts, education systems) are regular and reform is not easy. CEO scandals are of course one of the main reasons for the call to social and responsible business. Again it is not easy to remove a corrupt CEO.

Technical failure barriers

Even under the most favourable reform conditions there can be technical (tools and techniques) failures. SH&E

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tools and techniques are relatively new and anti corruption tools and techniques, many of them, are yet newer still. Knowledge on the efficacy of tools and techniques is difficult to come by. The political and criminal mind can deconstruct the application of such tools and find ways to circumvent them. But even without wilful countervailing activity, the socio-political complexity of human settlements itself is sometimes enough to compromise tools and techniques effectiveness.

Infrastructure deficiency barriers constitute one of the third wave’s most formidable ones. Corruption goes on everywhere but poverty and desperation do not help very much in combating it. It will take an immense amount of competitive context spending to move this state of affairs.

Diversity and fragmentation barriers: technological, social and product change is so diverse and rapid that many problems may go unnoticed because of learning lags in the profession.

Cultural divide, taboo and loss of trust barriers: these can be, and do remain, very real impediments to standardisation, transparency, the efficiency of contracts, equality of opportunity and gender, and the efficient and effective transmission and use of knowledge, all of which are important to the attainment of social and responsible business. Trust, once lost, is hard to regain.

SH&E strategies

Several specific SH&E professional responses to these challenges and barriers have proven to be effective. Some are listed in the table.

Conclusion

There is something of a re-emergence of interest in social and responsible business and a more genuine pursuit of it. Will the quest be successful? In giving Smith (1759) the last word we can state a beginning:

‘How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it... That we often derive sorrow from the sorrow of others, is a matter of fact too obvious to require any instances to prove it... The greatest ruffian, the most hardened violator of the laws of society, is not altogether without it.

It is a long journey and we need boots with thick soles.

- The above is an extract from a full presentation made at Noshcon. Ian Eddington is a senior lecturer at the Australian Graduate School of Business, University of Southern Queensland in Australia; eddington@usq.edu.au