

Without uniform indicators, firms are unable to deal with work health issues

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Globally, over [2.3 million people](#) die from work-related accidents or disease each year. This is according to the International Labour Organization (ILO), which further estimates the costs of workplace injury at four per cent of world GDP. [Our research](#) shows that consumers would preferentially select, and even pay more for, goods made under healthy working conditions. However, access to trustworthy information on working environments in companies is scarce.

Many companies have struggled to determine how to report on their working environments, which encompass both the physical and psychological conditions of workers. Most existing reports of work environment performance adopt a relatively narrow safety-based view.

Mandatory reporting on safety-related issues, such as lost-time injury frequency and fatalities, is common in many jurisdictions. Voluntary initiatives, such as the [Global Reporting Initiative](#) (GRI) and the United Nations [Global Compact](#), address some additional aspects of work environment, such as discrimination and human rights. However, the largely discretionary nature of reporting means that companies are left to pick and choose what to measure and how to report on their working environments. This leads to confusion.

We recently co-authored a [study](#) that analyzed the indicators used by 100 companies to measure their work environment performance. The results showed that a total of 892 different indicators were reported. Health and safety-related indicators, such as lost-time injuries and fatalities, were the most commonly reported types of indicators. Diversity-related indicators, such as the percentage of female employees, were also common.

However, our study showed little reporting on factors contributing to repetitive strain injuries in the workplace, even though these injuries are common in many industry sectors. There was also very little reporting on psychosocial aspects of the work environment, such as employee stress and burnout. The absence of leading indicators for workplace ill health suggests companies are not well positioned to manage these issues in their operations. In cases

where indicators were disclosed, there was little consistency. Over 90% of the indicators disclosed were used by five or fewer companies. This diversity in reporting makes comparisons difficult.

To better understand how companies decide what to measure and report, we also interviewed managers from 20 of the companies studied. The managers explained that the indicators were largely selected based on the influence of external stakeholders. Stakeholders expected companies to report on some key indicators, such as those concerning safety, an area that is often directly regulated by government. Managers also stated that their work environment reporting was conditioned by prominent reporting guidelines, such as the Global Reporting Initiative (GRI).

Few external stakeholders, however, inquired about work environment issues and there was little inducement or motivation to enhance current reporting efforts. Although some managers recognized that their current reporting did not adequately address all aspects of work environment, they reported that they were generally satisfied with their companies' efforts. Without external pressure, it seems that the majority of companies will continue to report only broadly on working environment without addressing the roots of employee ill health.

Going forward, we believe there are two key requirements that need to be addressed. First, there is a need to foster reporting on the full spectrum of work environment issues. There is a need for enhanced reporting on the physical and psychological workplace issues that drive stress, burnout and repetitive strain injuries in workplaces. Without these leading indicators, employee injury and illness rates will not meaningfully change.

Second, there is a need for greater standardisation of work environment performance indicator reporting. This would help promote transparency and comparability across companies. It would also increase credibility for the indicators disclosed. This can be further strengthened if each indicator is accompanied by a clear goal and information about performance relative to that goal.

Improved measurement and standardised reporting could drive the development of better work environments over time. This, however, is likely to require sustained pressure from consumers, like all of us, on both companies and governments.

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Notes:

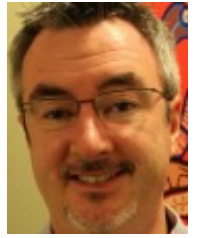
- This post is based on the authors' paper [The use of work environment performance indicators in corporate social responsibility reporting](#), in *Journal of Cleaner Production*, Volume 112, Part 4, 20 January 2016, Pages 2907–2921.
- The post gives the views of its authors, not the position of LSE Business Review or the London School of Economics.
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