

OCCUPATIONAL HEALTH AND SAFETY-ERGONOMICS IMPROVEMENT AS A CORPORATE RESPONSIBILITY OF A BALI HANDICRAFT COMPANY: A CASE STUDY

SUSY PURNAWATI*

Department of Physiology, School of Medicine, University of Udayana, Denpasar, Bali 80232, Indonesia

**Email: s_purnawati@yahoo.com*

The issue of corporate social responsibility is nowadays becoming popular around industrial communities. The support for the issue has initially spread since the adoption in 1998 of the ILO Declaration concerning fundamental principles and rights at work and then followed up by industries in developed countries. A case study was done from February to August 2006 at a handicraft company in Bali in order to find out the core application of the issue at the enterprise level. The study was conducted by observation in the field of the factory and suppliers, taking photos and interviewing management and employees of the company. The results of the study show that the company has already executed the activities that reflect the application of the core principles. The activities included programs which concerned not only the business corporate community but also wider communities. With regard to the business corporate community, the company had improved the conditions related to ergonomics and occupational health and safety. The improvement was done by referring to the external audit. At the national community level, the company had participated in the recovery measures of national disasters by helping small industries revive. It is hoped that this core program is soon copied by other companies considering that it is very beneficial to the communities and companies.

Key words: corporate responsibility; ergonomics improvement; ILO declaration; handicraft company; occupational safety and health.

INTRODUCTION

The global competitive situation demands industries to produce the best of their product quality and to have executed the core aspect of corporate responsibility. Customers not only need to get high quality products but also begin to concern themselves with social and environmental impacts of the products purchased.

The issue of corporate social responsibility (*core*) is nowadays becoming popular around industrial communities. The issue was widely recognized initially since the adoption of the ILO Declaration in 1998 concerning fundamental principles and rights at work and then followed up by industries in developed countries (Anon, 2006a). Corporate responsibility is perhaps best defined as a commitment by a company to manage its various roles in society - as a producer, employer and neighbor - in a responsible manner. The reasons why companies have taken on this voluntary responsibility are: firstly, because it is a good business responsible policies are reflected at the bottom line; secondly, because many companies have found that when they do this they can improve the legal and political environment in which they operate, effectively address external stakeholder concerns, discover areas of strategic advantages and improve lives of their employees. Corporate responsibility can generate intangible assets, such as employee commitment and customer brand loyalty that may lead to improved financial performance (Anna, 2006). The benchmarks for corporate responsibility state comprehensive standards and expectations fundamental to a responsible company's action. The

generally accepted benchmarks call for: 1) a new relationship between corporations and communities and ecosystems; 2) support for sustainable systems of production and more equitable systems for the distribution of the economic benefits of production and environmental services; 3) participation of stakeholders and those most affected by the activities of corporations in the decision-making processes of companies; 4) preservation and protection of the environment for present and future generations; 5) respect for the dignity of every person, for makers' right to organize a union and bargain collectively for all core labour rights as defined by the International Labour Organization; 6) strong codes of conduct for corporations and suppliers independently monitored by local non-governmental and community organizations; 7) affirmation of indigenous people's rights to full participation in the business decisions which pertain to their ancestral lands and their way of life; 8) development of a human rights policy based on the Universal Declaration of Human Rights; 9) commitment to the principle that every worker has the right of access to health care, accessible and affordable medicines, including antiretrovirals for the treatment of AIDS; and 10) corporate governance policies that balance the sometimes competing interests of managers, employees, shareholders and communities. All these aspects are based on ethical values, including inclusiveness, integrity, honesty, justice and transparency (Anon, 2006b)

The handicraft company where the present study is done is a company which employs 584 workers with the activities of manufacturing accounting for 60% of them and those of trading accounting for 40%. The main products are various kinds of beautiful giftware made of different kinds of materials. The factory has 15 sections (painting, melamine, paint-packing, a wood shop, wood carving, mosaic frames, hangings, bamboo, glass, soldering, quality control, packing, boxes, candles and resins) and more than 100 suppliers are coming from small industries. Some processes and work conditions in the factory and suppliers are so risky that health and safety of workers need attention. Based on external audit results, some problems are found in the areas of occupational health and safety (OHS)-ergonomics. The problems identified include unnatural work postures, various unsafe chemicals used, operating machines long working hours and many risks of work accidents caused by unsafe conditions and unsafe behavior that need to improve. In order to anticipate these problems, the top management of the company has commitment to organize the OHS-ergonomics improvement program.

The study is aimed to evaluate the application of the OHS-ergonomics program as a corporate responsibility of this company.

MATERIALS AND METHODS

The study was conducted in Bali from February to August 2006 as a case study to evaluate the conditions of the company before and after the improvement by the OHS-ergonomics program as a corporate responsibility. The methods used were observation, photo taking and interviews of workers and management staff of the company and its suppliers.

RESULTS AND DISCUSSION

The results of the study confirm that the company has been undertaking activities corresponding to the application of the *core* principles. The activities include programs which are not only limited to the business corporate community concerns but also to wider communities (local and national communities). Towards business corporate community concerns, the company has improved its product quality and other conditions which are related to health and work safety including efforts to improve ergonomics aspects. The improvement has been done by referring to the results of the findings and recommendation given by an external independent audit team. Some of the activities of the external audit personnel were to evaluate and identify manpower issues as well as health (including ergonomics)

ics problems) and safety at work.

Based on the audit, it is found that the leaders of the company have already made unwritten commitment although it has not been widely socialized yet to the whole company's components as well as to the corporate business community. The interaction with the auditor is depicted in Figure 1. The company complies with the government legislation on management systems of occupational health and safety (OHS), and in order to apply the systems the company needs to conduct a program of sustainable training. The company has also equipped itself by providing equipment and facilities such as fire extinguishers, fire alarms, fire hose wheels, hydrant and water pump power supply to fill up the hydrant system.

In order to make the workers and corporate business community understand the system, including the understanding about evacuation plans and emergency procedures, the company requires to complete its facilities with operational manuals and regular training.

The recommendations from the auditor are followed by improvement activities as well as site training, by inviting competent institutions to give training through awareness programs for management staff and workers at the factory and suppliers. Surveys are conducted at suppliers' workplaces to know the real work conditions and all the chains of production processes (Figure 2). The identification of potential health-safety-environment risk factors and general manpower issues is conducted jointly including wages and work hours, discrimination, forced labour, child labour and other issues of workers' rights.

Some findings from the results of the audit program towards the suppliers indicate significant aspects of OHS-ergonomics problems of small industries in Bali. The findings are in accordance with those by Manuaba (2006) who states that the problems of small industries are non-ergonomic work posture, environmental hazards of dust, vibration, chemicals, noise and heat stress, poor lighting and unsafe machines (without guarding). Beside these problems, it is stated that some conditions which make the problems continuous are the results of inadequate management knowledge and technical know-how. Whereas the issue of OHS-ergonomics is still considered as a low priority, limited use of capital and low levels of enforcement which are often noted. Lack of coordination in planning and implementation among stakeholders has always been the obstacles and constraints in the implementation of the management systems. All of these problems should be managed with a total approach through the SHIP (Systemic, Holistic Interdisciplinary and Participatory) approach and the application of appropriate technology in a wise and timely manner. While assistance to small skill industries must be done in a more coordinated way among the government technical offices, universities, NGOs, banking and other social community institutions (Manuaba, 2006).



Fig. 1. Interview process of the external auditor to identify OHS-ergonomics conditions with workers.



Fig. 2. Surveying suppliers to identify OHS-ergonomics problems and other labour issues by the factory staff together with OHS-ergonomics group surveyors.

The company has also performed activities such as participation in the preservation and protection of the environment as well as contributions to the community around the company for educational facilities (e.g. rebuilding of a Bali school building) and for ceremonies and other social activities. During the efforts to identify and improve ergonomics and health and safety conditions, the company has been proactive without the involvement of government agencies. Ideally the government should play a primary role in socializing and motivating the existing industries to execute the OHS-management systems. However, this role is not quite significant. A study conducted by Ahasan and his group as cited in Caple (2006) indicated that the legislation covering ergonomic working conditions in developing countries was either non-existent or poorly enforced. The study indicated that the countries studied did not have the infrastructure for government inspectors across a range of industry sectors to adequately enforce legislation on health and safety requirements of workers. The study is in accordance with the statement of Tan Malaka (2003) that OHS problems are similar among all developing countries. Managerial skills to face OHS problems are various especially in levels of skills and leaderships. Adiputra (2006) also states that some obstacles in the application of responsibilities faced by industries concerning OHS-management systems are due to the inadequate number of teams and programs to deal with the problems. There are sometimes programs but there is not adequate capability to follow them up properly. This happens because many companies do not have solid visions on OHS-ergonomics so that there is no one perception between the manager and OHS personnel. Generally OHS is applied just for “*Bulan K3*” (OHS festival). And OHS programs are always considered by managers to be money-spending programs without significant benefits (Adiputra, 2006).

The above-mentioned obstacles should not have happened because the references of the application for OHS-management systems are already stated in the Manpower Regulation No. 5, 1996 as well as in other regulations (Carsil and Cristine, 2003; Susy, 2005). What the companies should do is to apply them properly and this requires training and strategies conducted by both the government and the companies.

The company’s *core* application towards the national community can be seen from its compliance with government regulations, participation in contributions to the victims of natural disasters by helping the small industries survive, e.g. the earthquake in Yogyakarta (Figure 3). The supply workers were given tents, and they were motivated to rebuild their work spirits and start to work productively. This has acted as a kind of strong medicine for the workers to wake them up from their deep sadness.



Fig. 3. Contributing aids for the family of suppliers who are the victims of the earthquake in Yogyakarta.

All the activities held by the company have reflected the elements of benchmarks for corporate responsibility taken as criteria for these activities. For their implementation, the elements need to be completed, especially the element concerning preserving the environment. The criteria are, among others, 1) environmental assessments are completed by the company in which the unused, unexploited natural resources are stated as assets of the community and 2) where environmental damage does occur, every effort is made by the company to reduce its impact immediately, to provide technical data to those working on the containment and repair, to restore the damaged ecosystems and to ensure appropriate measures taken to redress injuries caused by environmental hazards created by the company.

Some of the elements which are considered to be benchmarks of the *core* program have not been perfectly applied in the company while the company and its suppliers start to make identification and improvement based on their own initiatives. This may become the model for others in the application of core elements because this comes under management commitment and not under government pressure. This can create accountability in relation to their corporate community, the wider community and ecosystems for the realization of the comprehensive corporate responsibility.

CONCLUSION

The corporate responsibility (*core*) program represents the commitment of the company's responsibility towards both corporate business community and wider community. The company and its suppliers have applied some benchmarks of the core program based on the initiative and commitment of top management.

OHS-ergonomics improvement constitutes one of the core elements executed in the company. OHS-ergonomics improvement is thus executed in the factories and some suppliers which are part of the production lines.

The following recommendations are put forward:

1. OHS-ergonomics improvement should also be performed at other companies as the application of corporate responsibility.
2. It is hoped that there are a clear policy, criteria and standard procedures regulated by the government toward the *core* application in Indonesia completed with the availability of trained inspectors.
3. It is hoped that buyers are concerned not only with the product quality and prices of the goods but also with the improvement taking into account the social and environmental impacts of the purchased products.

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