

# Environment Management and Sustainability

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## Abstract

To promote economic, social and environmental development in the modern society, legislations and incentives such as national sustainable development strategies and local Agenda 21 frameworks have been published (Schwartz and Tilling, 2009; Brodbag and Taliere, 2006). ISO 26000, a newly emerging international voluntary guidance standard for Corporate Social Responsibility (CSR), came into force in 2010 (Castka and Balzarova, 2007; Bernhart and Maher, 2011; Henriques, 2011). It calls for the organisations to take responsibility which goes above and beyond legal obligations for the society and environment, and it also provides guidance on integrating social responsibility throughout an organisation (Castka and Balzarova, 2008a; Vogel, 2005; BSI, 2010; ISO, 2008). It is suggested that through management system of a corporate, which links governance, quality, environment, safety, risk management and other functions, ISO 26000 can be more effectively implemented (Bernhart and Maher, 2011; Werther and Chandler, 2011, Pojasek, 2011).

## Keywords

Environment management, sustainability

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## 1. Introduction

It is investigated that numerous studies have been done on CSR and organisations, reflecting the argument that the integration of CSR into core business operation and strategy may influence all aspects of an organisation's day-to-day operations (Porter and Kramer, 2006; Werther and Chandler, 2011; Lu and Castka, 2009). Topics cover supply management and CSR (Lee and Kim, 2009; Castka and Balzarova, 2008b), environmental management system and CSR (Ronnenberg et al., 2010), quality management and CSR (Karapetrovic and Casadesus, 2009), risk management system and CSR (Henriques, 2011), public reputation and CSR (Lu and Castka, 2009), and the debates on the correlation of profit and CSR (McWilliamms et al., 2006; Burke and Logsdon, 1996).

However, little academic attention has been drawn on the relationship between facility management (FM) and CSR. As embedded CSR requires cooperation between different organisation units, and FM is a necessity to provide support functions in most organisations, it is of great significance to explore how FM activities may support organisational commitment towards CSR and how the commitment may affect FM functions. Aimed at investigating the mutual influences between CSR and FM functions, this essay will discuss the issue from an inspector's viewpoint. It will firstly introduce CSR core subjects described in ISO 26000. Then the key strategic and operational FM elements that may affect CSR agenda will be outlined. To analyse how CSR may influence FM activities in turn, the example of BP will be given for the illustration of the differences between with and without commitment towards CSR. Finally, further implications of CSR will be briefly discussed.

## 2. Key strategic and operational elements in FM functions that affect CSR agenda

In the ISO 26000 standard, seven core subjects are introduced as CSR guidance for organisations. As shown in Fig. 1, the central subject is organisational governance, and the six elements surrounding it are human rights, labour practices, the environment, fair operating practices, consumer issues and community involvement and development, which are relevant to every organisation (BSI, 2010). Facility managers are considered as the custodian of CSR objectives, taking responsibility for the facility services delivery (Atkin, and Brooks, 2009). Good FM practices can bring in long-term benefits to CSR; on the contrary, poor practices can only make CSR becoming a superficial corporate symbol. There are numerous ways that strategic and operational elements in FM functions may affect CSR agenda. From the strategic level, three key factors are identified as: technological, financial and contract management; while from the operational level, health and safety issue and energy consumption are considered to be the top two influential elements towards CSR.

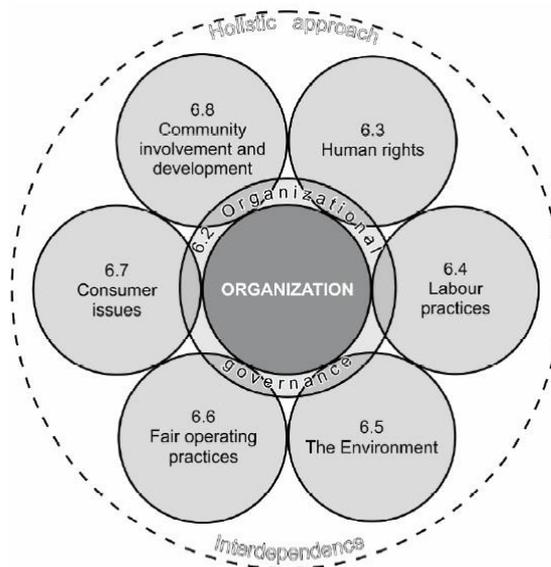


Figure 1 – Seven core subjects of CSR (Source from: BSI, 2010).

### 2.1 Strategic FM

At the strategic level, technological, financial and contract management functions of FM will directly impact CSR. From the technological perspective, FM functions include enabling processes and promoting effective learning and innovation, which all reflect the organisational governance (6.2) (Alexander and Brown, 2006). It is a predictable trend for the prevalence of radio frequency identification (RFID). Applying this technique in FM sector for the asset monitoring and inventory, the labour demand can be dramatically squeezed. With the replacement of labour by modern technologies, companies may benefit from the savings by reduction in labour costs in the long-term, but meanwhile in the short-term, the laying-off of staff will pose potential risks to labour practices (6.4) and community development (6.8). From the financial viewpoint, FM cost is the second largest expenditure of organisations (Booty, 2006). A strategic cost reduction or economic viability increase of FM may guarantee stakeholders interests and contribute to the organisational governance (6.2). FM department needs to collaborate with Human Resource (HR) department and take accountability for FM members. Some low-skilled workers may have limited income, whereas the FM budget should cover their minimum wage. Local labour will be an advantage for recruitment cost reduction. These strategic decisions will have a chronic contribution to human rights (6.3), labour practices (6.4) and community development (6.8).

The other element, namely contract management, may influence various aspects of CSR as well. Facility managers review and monitor the contract process and take responsibility for the service quality control. When FM staff communicates with their clients, the more accurate information they

provide to them, the better practices they achieve in fair operating practices (6.6) and customer issues (6.7). Moreover, enabling system performance indicators of FM can generate feedbacks about the overall health of a community (Alexander and Brown, 2006). This information may help diagnose the shortcomings of current community status and assist laying the foundation of community involvement and further development (6.8). At the strategic FM level, FM expects to retain its professional position and to strengthen its influence (ibid). FM performance in technological innovation, budget control and contract management are all closely connected to the core subjects in CSR. Accountable, transparent and ethical decision-makings can add value to CSR in the long-term but sometimes short-term negative impacts on CSR may be unavoidable.

## 2.2 Operational FM

At the operational FM level, health and safety issue and energy consumption are considered as two important factors towards CSR. Health and safety issue lies in almost every service delivery process, such as building envelope refurbishment, maintenance, mechanical & electrical, cleaning, security and catering. The incidents such as falling from scaffold, electrical shock, contact with harmful chemicals and attacks by gangsters are potential risks that FM workers may occur, which may cause severe consequences. The more capability that FM has in tolerating, treating, transferring or terminating different categories of risks, the better performance they will achieve in organisational governance (6.2), human rights (6.3) and labour practices (6.4). Another associated issue with operational FM is energy consumption. In every single step of FM activities, energy will be consumed in a certain way. If the activities involve sustainable procurement approach, use of environmentally sound technology, selecting high energy efficiency products/materials, making full use of CIBSE Guide F <Energy Efficiency in Buildings> and implementing energy saving tips in day-to-day operations, then they have made great efforts to the environment (6.5) and achieved pleasant degree of sustainability.

## 3. Influences of CSR commitment on FM activities

Studies have shown that companies are currently facing growing restrictions on environmental and social aspects, such as emission permits, labour and human rights, which results in the difficulties in being socially responsible (Lee and Kim, 2009). In this circumstance, corporates are posing different attitudes in response to this issue. Big multinational companies perform better in releasing sustainability report or CSR report, while Small and Medium-sized Enterprises (SMEs) often miss from the sustainable development agenda (Perera, 2008). For the analysis of how the CSR commitment of an organisation may influence FM activities, the oil giant BP will be used as an example to distinguish the differences between with and without commitment towards CSR. Petrol sector has a profound negative public image of detrimental effect on the environment and FM staff working on site are perceived having much higher safety risks than some other areas. If commitment to CSR can leverage FM activities in this “poor performed” sector, then it may prosper FM industry in all aspects.

In the <BP Sustainability Review 2010>, almost every core subjects of CSR are covered, which may be one reason for its high ranking in CSR performance. It sets out the corporate governance (6.2) and risk control in managing operations (BP, 2011). The overall principle is to strengthen governance, create safety culture and promote relationships with contractors and shareholders. With this commitment, facility managers may have clear goals in decision-making and supervising operational activities. Without such statement, FM department may find difficulties in positioning themselves to optimise the output. From the labour and human rights (6.3, 6.4) aspect, the report figures reflect the percentage of women in management level (ibid). For FM practice, women’s role in leading or managing groups is a non-negligible issue. With CSR commitment embedded, gender and racial discriminations should be prevented both in recruitment and in promotion. This may assist building fair and just culture in FM groups than the case without CSR commitment. It is also suggested that organisations need to have expertise in human rights and labour practices, especially the companies

having supply chain in different countries, such as BP (Pojasek, 2010). This implies that with CSR commitment, FM department may have more opportunities in developing various relationships or partnerships with external companies and independent organisations.

From the environmental (6.5) and community development (6.8) aspect, the Review reported the tragic oil spill accident on 20th Apr 2010 in the Gulf of Mexico. Although remedies have been doing, catastrophic consequences have been caused to the ecosystem and to the local community. Deaths and injuries of facility-related workers unavoidably happened. Based on the CSR principles of transparency and ethical behaviour, BP encloses the process of recovery actions. FM staff may perceive the information and re-consider the safety and operational environment of their jobs. However, if commitment towards environment is missed, FM workers may lose trust and respect for BP even more for its irresponsibility and cover-up, and may have more dissatisfaction about the job. It would be a huge problem if the technicians were unwilling to support actions at the accident site. Meanwhile, the employee turnover rate can unpredictably increase, resulting in insufficient workforce for operations. Fair operating practices (6.6) and consumer issues (6.7) will also influence FM activities. BP has committed to eliminate bribery and corruption both from the upstream (suppliers) and downstream (consumers) of business supply chain (BP, 2011). For FM employees, they have access to training programmes on anti-corruption and if non-compliance or unethical behaviours are exposed, they will face dismissal. In the case of without CSR, FM functions have more risks in unfair business trade and corruption scandals. Reviewing the influence of CSR commitment on FM members and activities involved, it can be generalised that although BP has a comprehensive commitment to CSR, it does not have a convinced performance in social responsibility. The reason for that can be extremely complicated: perhaps due to the nature of the oil industry, perhaps the tough managerial difficulties and perhaps as Porter and Kramer (2006) predicted that the CSR responses were neither strategic nor operational, but cosmetic. Nevertheless, through the comparison between with commitment and without commitment, it is discovered that the later one can result in even worse social and environmental performance. Alignment to the boundaries of CSR implies higher ethical and operational standards on FM practice and meanwhile it can secure FM rights to a certain degree, such as autonomy of jobs.

#### **4. Conclusion and further implications**

Aimed at exploring the relationship between CSR and FM, this essay firstly introduces the seven core subjects of CSR proposed by ISO 26000 Standard. The central subject is organisational governance, and the six surrounding elements are human rights, labour practices, the environment, fair operating practices, consumer issues and community involvement and development. FM, as a supportive function in every organisation, is closely connected to CSR from both strategic and operational level. For strategic FM, technological, financial and contract management are identified as three key factors, which will direct the operational implementation of CSR. At this level, accountable, transparent and ethical decision-makings can add value to CSR in the long-term but sometimes short-term negative impacts on CSR may be caused. For operational FM, good practices in health and safety issue and energy consumption may attribute to the implementation of CSR. Then in turn, how the CSR commitment of an organisation may influence FM activities has been discussed with the illustration of BP as an example. By the analysis of Sustainability Review, it is found out that although BP has a comprehensive commitment to CSR, it does not have a convinced performance in social responsibility, and as a result, FM members suffered in the incidents. Moreover, it is speculated that without CSR commitment, even worse social and environmental performance can occur. Embedded with CSR commitment implies higher ethical and operational standards on FM practice and meanwhile it can secure FM staff rights to a certain degree. However, the analysis is based on theoretical paper materials. Practical performance measurement activities are suggested to verify the actual acting and reacting forces between CSR and FM functions.

For further implications, commitment to CSR is still suggested as it may strengthen organisational governance and enhance risk management. In the revolution of integrating CSR to the firm, the corporate structure may have a change such as Nike, who has highlighted the importance of CSR and built a CSR department into the firm's structure (Werther and Chandler, 2011). The firm's resources are expected to have more opportunities to be leveraged as firms may develop relationships with external professional bodies and FM staff may have changes in job roles (Porter and Kramer, 2006). On the other hand, it seems inevitable that some companies have no intention on CSR commitment, especially SMEs. They are criticised as "unconcerned by environmental and social issues" because they do not value ISO 26000 as a compulsory pre-condition for business survival (Perera, 2008). This is not always true because not generating CSR report does not necessarily indicate no care has been taken to the environment and society. Some industries may naturally have less impact on the environment than some others. The "bad performed" sectors should pay more attention to continually improve their environmental performance as well as the performance of other related parties (Pojasek, 2010). It will be the skills, commitment and behaviours of every employee that finally determine the sustainability.

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