# ASSESSING THE EFFECTIVENESS OF COMPANY GRIEVANCE MECHANISMS

## CSR Europe's Management of Complaints Assessment (MOC-A) Results



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THIS REPORT IS THE RESULT OF CSR EUROPE'S COLLABORATIVE WORK WITH MEMBERS ON COMPANY GRIEVANCE MECHANISMS. IT CONTAINS A PRACTICAL INTERPRETATION OF THE EIGHT EFFECTIVENESS CRITERIA FOR GRIEVANCE MECHANISMS WHICH SERVED AS THE BASIS OF CSR EUROPE'S MANAGEMENT OF COMPLAINTS ASSESSMENT (MOC-A) TOOL. THE REPORT ALSO PRESENTS AN OVERVIEW OF THE INITIAL FINDINGS FROM PRACTICALLY DEPLOYING THE TOOL WITH 15 COMPANIES FROM A NUMBER OF DIFFERENT SECTORS.

## COMPANY GRIEVANCE MECHANISMS ADDRESSING COMPLAINTS

The UN Guiding Principles on Business and Human Rights, adopted in 2011, set out the company responsibility to respect human rights. In order to fully meet this responsibility, companies are expected to engage in the remediation of impacts they have caused or contributed to[1].

One of the ways to do this is through establishing a channel for receiving and addressing complaints. In fact, 87% of CSR Europe's members report already having a mechanism in place that deals with complaints coming from the workforce and 40% have started addressing complaints from communities in a systematic way[2].

The UN Guiding Principles refer to this process as a "company operational-level grievance mechanism" and spell out eight criteria[3] that indicate its effectiveness.

## CSR EUROPE'S MANAGEMENT OF COMPLAINTS ASSESSMENT (MOC-A)

Developed together with companies, experts and stakeholders in the framework of CSR Europe's project on Business and Human Rights, the MOC-A tool is based on the eight effectiveness criteria outlined in the UN Guiding Principles. It clarifies what these criteria practically mean in a business context by translating them into 21 concrete process requirements.

MOC-A is designed to assess the level of effectiveness of company grievance mechanisms and to identify areas for improvement of the process. The tool also serves to collect good practice examples providing companies with the opportunity to learn from peers.

## FROM EIGHT CRITERIA FOR EFFECTIVE GRIEVANCE MECHANISMS TO 21 PROCESS REQUIREMENTS

The criteria laid out in the UN Guiding Principles ensure that a company mechanism for addressing complaints is effective if it is (1) Legitimate; (2) Accessible; (3) Predictable; (4) Equitable; (5) Transparent; (6) Rights-compatible; (7) A source of continuous learning and is (8) Based on engagement and dialogue.

To "translate" these criteria into concrete process requirements, CSR Europe worked with a grievance mechanisms expert and later refined its findings based on consultations with key actors from the European Commission, NGOs, trade unions and CSR Europe member companies[4].

A set of 21 process requirements for effective grievance mechanisms have been identified, taking as a basis their definitions contained in Principle 31 (see table 1). This report contains a definition of each process requirement, followed by one example of how a company has applied it and some of the results obtained.

1. UN Office of the High Commissioner for Human Rights, Guiding Principles on Business and Human Rights, endorsed by the UN Human Rights Council in 2011 (Principle 31)
   *www.businesshumanrights.org/Documents/UNGuidingPrinciples.*
2. Information from CSR Europe and Econsense Business and Human Rights Internal Survey, 2012 (36 companies)
3. UN Office of the High Commissioner for Human Rights, Guiding Principles on Business and Human Rights, endorsed by the UN Human Rights Council in 2011 (Principle 31)
   *www.businesshumanrights.org/Documents/UNGuidingPrinciples.*
4. CSR Europe Stakeholder Dialogue on Business and Human Rights, 20 March 2013.

**TABLE 1:** CRITERIA AND PROCESS REQUIREMENTS FOR EFFECTIVE COMPANY GRIEVANCE MECHANISMS

| Criteria: | Definition: | Process requirement: |
|---|---|---|
| 1. Legitimate | *"Enabling trust from stakeholder groups for whose use they are intended, and being accountable for the fair conduct of grievance processes."* | 1.1 Establish a defined process to address grievances with clear lines of accountability |
| | | 1.2 Conduct consultations with key stakeholders for the design, revision and monitoring of the mechanism |
| 2. Accessible | *"Being known to all stakeholder groups for whose use they are intended, and providing adequate assistance for those who may face particular barriers to access."* | 2.1 Actively provide information on the existence and functioning of the mechanism in a way that is adapted to the context and audience for whose use it is intended |
| | | 2.2 Address the barriers stakeholders may have in accessing the mechanism by providing multiple access points that are well adapted to the operational context |
| | | 2.3 Provide assistance to access the mechanism for those that may face particular barriers to access |
| | | 2.4 Have an explicit commitment to protect the user from reprisals |
| 3. Predictable | *"Providing a clear and known procedure with an indicative time frame for each stage, and clarity on the types of process and outcome available and means of monitoring implementation."* | 3.1 Establish both at headquarter and operational levels a defined process with clear roles, responsibilities, procedures, and process steps including monitoring implementation |
| | | 3.2 Establish a clear time frame for each step or stage of the process |
| | | 3.3 Define the types of complaints that fall under the scope of the mechanism |
| 4. Equitable | *"Seeking to ensure that aggrieved parties have reasonable access to sources of information, advice and expertise necessary to engage in a grievance process on fair, informed and respectful terms."* | 4.1 Be open to share relevant information in a way that can be easily understood |
| | | 4.2 Facilitate the means through which the affected stakeholders can have access to advice or expertise |
| 5. Transparent | *"Keeping parties to a grievance informed about its progress, and providing sufficient information about the mechanism's performance to build confidence in its effectiveness to meet any public interest at stake."* | 5.1 Keep users of the mechanism informed throughout the process |
| | | 5.2 Report internally and externally on the performance of the mechanism |
| 6. Rights-Compatible | *"Ensuring that outcomes and remedies accord with internationally recognised human rights."* | 6.1 Assess any complaint on its possible human rights impact |
| | | 6.2 Ensure that outcomes do not infringe on the rights of the complainant |
| | | 6.3 Adopt the higher standard in case of conflict between national legislation and international norms on human rights |
| 7. Source of Continuous Learning | *"Drawing on relevant measures to identify lessons for improving the mechanism and preventing future grievances and harms."* | 7.1 Keep a centralised record of complaints |
| | | 7.2 Monitor and assess the performance of the mechanism on a regular basis |
| | | 7.3 Integrate key learnings |
| 8. Based on Engagement and Dialogue | *"Consulting the stakeholder groups for whose use they are intended on their design and performance, and focusing on dialogue as the means to address and resolve grievances."* | 8.1 Establish a system for feedback collection from users |
| | | 8.1 Prioritise engagement and dialogue as the means to address and resolve grievances |

**FIGURE 1:**
PERFORMANCE OF 15 COMPANIES AGAINST
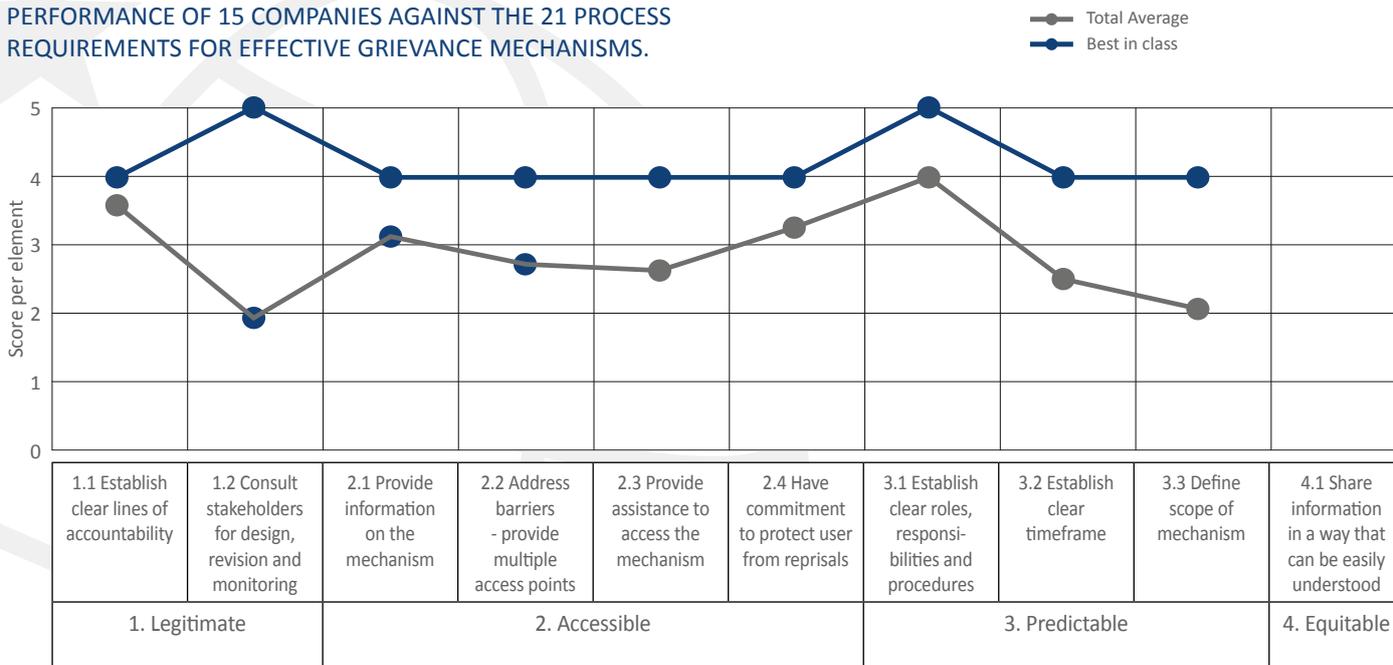THE 8 CRITERIA FOR EFFECTIVE GRIEVANCE
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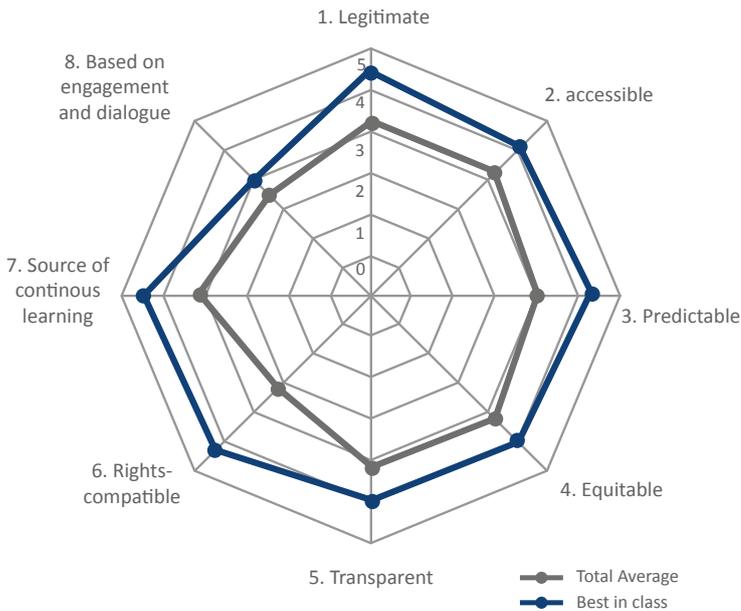


In 2012, MOC-A was piloted with 15 multinational companies representing a number of sectors. Figure 1 shows a general overview of the average performance against each of the criteria for effective grievance mechanisms and Figure 2 gives a more detailed overview of the performance against the process requirements that make up each criteria.

Some results of the pilot benchmark study on the performance of companies include:

• All interviewed companies have set up a defined process for addressing complaints with clear roles, responsibilities, procedures and process steps, both at headquarter and at operational level.

• Companies have set up effective processes in relation to some of the criteria, but none of the interviewed companies perform consistently well in relation to all criteria.

• To ensure that the mechanism is accessible to its users, companies provide multiple access points and have explicit commitments to protect from reprisals for raising a complaint. However, there is not enough information on how these measures practically contribute to overall accessibility.

**FIGURE 2:**
PERFORMANCE OF 15 COMPANIES AGAINST THE 21 PROCESS
REQUIREMENTS FOR EFFECTIVE GRIEVANCE MECHANISMS.



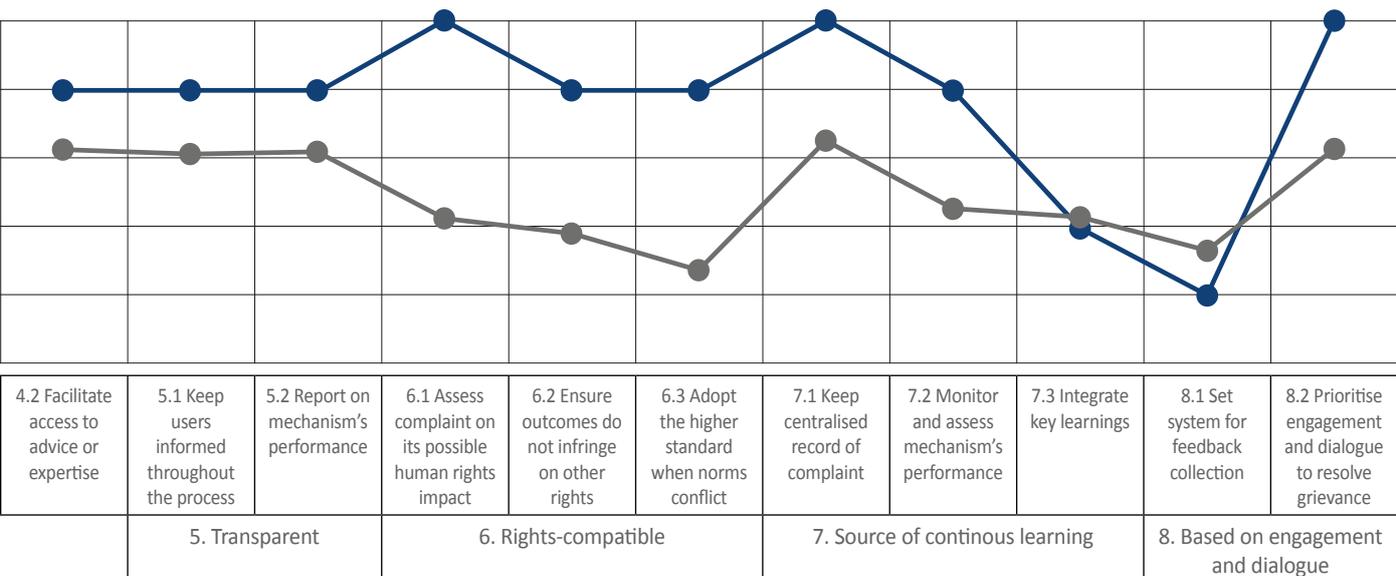| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 1.1 Establish clear lines of accountability | 1.2 Consult stakeholders for design, revision and monitoring | 2.1 Provide information on the mechanism | 2.2 Address barriers - provide multiple access points | 2.3 Provide assistance to access the mechanism | 2.4 Have commitment to protect user from reprisals | 3.1 Establish clear roles, responsi-bilities and procedures | 3.2 Establish clear timeframe | 3.3 Define scope of mechanism | 4.1 Share information in a way that can be easily understood |
| 1. Legitimate | | 2. Accessible | | | | 3. Predictable | | | 4. Equitable |

Failing to address barriers relating to culture or gender or to translate non-reprisals commitments into processes and procedures, can make communities and workers reluctant to use the company grievance mechanism.

- Transparency is driven by the high number of companies that keep a centralised record and report on the performance of the mechanism. At the same time, details are seldom presented in external reports and it is seldom monitored how grievances are resolved at an operational level.

- "Rights-compatibility" remains particularly unclear in terms of its practical application within a business context. Complaints are rarely classed as human rights concerns. This relates to the wider issue for global companies of overcoming cultural differences across regions and strengthening the internal communication on international standards and human rights.

- Monitoring performance and integrating key lessons is an area that is often approached on ad-hoc basis rather than in a systematic way. Some companies report performing qualitative evaluation, others check the consistency with previous years, for others monitoring is done at a local level. The challenge is to be able to centralise the information at the HQ level in order to identify trends. Overall, companies express the strong

need to work towards developing Key Performance Indicators (KPIs) to monitor the performance of the process they have established. Companies integrate what they have learnt selectively, either taking a trial-and-error approach, or prompted by a particularly important case.

- Engaging with stakeholders and prioritising dialogue as the means to address and resolve issues was identified as an overall area for improvement. Few examples can be found of a process to collect feedback on process or outcomes. A number of companies stress the need to have more formal and informal mechanisms to facilitate engagement with NGOs and other external stakeholders and to give a better understanding on how they can become part of the solution.

- The majority of the companies interviewed rely on internal expertise when developing their grievance mechanism. Typically the consultation process involves relevant departments or country offices that can advise on the design of the mechanism. Companies also report consulting internally with selected employees in order to create internal buy-in for the mechanism. Less consultation takes place with the intended users of the mechanisms. In particular, companies report consulting with the intended users when setting up a channel for community grievances, but less so when setting up internal reporting channels



| 4.2 Facilitate access to advice or expertise | 5.1 Keep users informed throughout the process | 5.2 Report on mechanism's performance | 6.1 Assess complaint on its possible human rights impact | 6.2 Ensure outcomes do not infringe on other rights | 6.3 Adopt the higher standard when norms conflict | 7.1 Keep centralised record of complaint | 7.2 Monitor and assess mechanism's performance | 7.3 Integrate key learnings | 8.1 Set system for feedback collection | 8.2 Prioritise engagement and dialogue to resolve grievance |
|---|---|---|---|---|---|---|---|---|---|---|
| | 5. Transparent | | 6. Rights-compatible | | | 7. Source of continous learning | | | 8. Based on engagement and dialogue | |

## CSR EUROPE'S NEXT STEPS

CSR Europe plans to continue its work in this area further by gathering more information on company practice in addressing complaints. The management of Complaints Assessment (MOC-A) tool is available to all interested companies.

**CSR Europe's MOC-A tool offers:**

**Assessment of process for dealing with complaints coming from the workforce and/ or communities impacted by business operations:**
* How effective is your process?
* How do you perform in relation to peers?
* Where are your gaps?

**Individual company MOC-A benchmark:**
* Based on two interviews conducted by CSR Europe
* Companies receive an individual assessment report, as well as a compilation of anonymous examples of peer practice.
* Information is kept strictly confidential throughout the process
* Open to all interested companies and is free of charge to all CSR Europe members

CSR Europe will continue to work to further improve the MOC-A tool and refine the process requirements to better identify what constitutes an effective grievance mechanism. Expanding the scope of the assessment to include a sector-based analysis as well as benchmarking company performance according to the type of mechanism employed would create a better understanding of the specific challenges facing each company and of what areas to focus on.

At the same time, more work needs to be done to provide examples of business practices that act as solutions on which companies can draw as a point of reference. Such examples could be of particular use in the under-examined criterion of "rights-compatability" though all criteria would benefit greatly from a larger database of solutions.

## REMAINING CHALLENGES

From the deployment of the Management of Complaints Assessment (MOC-A) tool, CSR Europe has identified a number of areas to improve on:

* **Overcoming cultural differences:** For global companies, one of the biggest challenges remains implementing policies at a local level, which have been set up at the corporate level. Most often, it is a question of culture rather than methodology.

* **Design:** Sufficient effort and time needs to be invested in designing a grievance mechanism. Companies need to consider carefully the mechanism they want to set up.

* **Continuous improvement:** Companies need to have a channel through which complaints can be recorded and dealt with. The discipline to learn from those issues and avoid them in the future is critical.

* **KPIs** to measure the performance of grievance mechanisms

## ABOUT THIS REPORT

This report was written by the staff of CSR Europe with support from Yadaira Orsini from International Alert. It is based on the information gathered in the framework of CSR Europe's collaborative Project on Business & Human Rights.

The project - guided by CSR Europe's corporate members Hitachi, HP, ArcelorMittal, Vattenfall and Volkswagen, and CSR Europe's German partner organisation, econsense – it aims to enhance joint learning on the business implications of the UN Guiding Principles on Business and Human Rights and to support companies in their implementation. One of the specific focus areas is company mechanisms for addressing human rights complaints.

For questions about the report, CSR Europe's project on Business and Human rights or MOC-A, see: *http://www.csreurope.org/business-and-human-rights* or contact Mariya Stoyanova *ms@csreurope.org*

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CSR Europe is Europe's leading business network for Corporate Social Responsibility. Representing over 5000 companies, it is a platform for supporting companies to positively contribute to society. In this context, CSR Europe connects companies to share best practice on CSR, innovate new projects between business and stakeholders, and shape the modern day business and political agenda on sustainability and competitiveness.

CSR Europe addresses societal challenges through the Enterprise 2020 Initiative, which fosters collaboration, innovative practical action and shapes the business contribution to the European Union's Europe 2020 strategy for smart, sustainable and inclusive growth. For more information visit *www.csreurope.org*