Corporate social responsibility in Roche

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Roche, state-regulation and incentives needed by a company to be more proactive in CSR issues?

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The European Foundation for the Improvement of Living and Working Conditions has produced 12 case studies around enterprises in four European countries, which set out to analyse the extent and practice of corporate social responsibility (CSR). The project aims to reveal in what way European companies are developing models of best practice around the issue of working and employment conditions. At Roche, initiatives concern schemes to change job content and to support the local region.

**About Roche**

Headquartered in Basel, Roche is one of the world’s leading research-oriented healthcare groups in the fields of pharmaceutics, diagnostics and vitamins. The products and services of Roche include the prevention, the diagnosis and the therapy of illnesses. The Roche division of Diagnostics, which is a market leader worldwide in the in vitro diagnostics market, has a unique spectrum of innovative test products and services for researchers, doctors, clinics and laboratories worldwide.

Roche Diagnostics GmbH, with two locations in Mannheim and in Penzberg, belongs to the Swiss healthcare group Roche and its diagnostics branch. Mannheim is the turntable of a large part of the diagnostic business for Roche. From there, the national and a lot of the international activities are coordinated, products and services are developed, produced and distributed, and marketing strategies are devised. The central service of the diagnostic field is mainly applied in Europe and, to an extent, in some of the more than 50 countries in total where the diagnostic branch of Roche is represented. The activities at the Mannheim location serve all business areas of the diagnostics division.

Diabetes Care is the main business area under focus. It produces self-tests for people with diabetes and coordinates its activities from the Mannheim base. Diabetes Care addresses the consumer directly, taking the laboratory to the patient, the person with diabetes. The aim is to help the diabetic relieve their daily routine with tools, tests and lancing devices by making the measurement of blood sugar a discreet and minor matter. Under the global brand of Accu-Chek, the company develops and distributes technologies and services for relieving the lives of people with diabetes. Roche Diagnostics leads the sector with Diabetes Care, and Accu-Chek is the bestselling brand in the Roche group.

Another important field is Centralized Diagnostics. Within the bounds of the laboratory network Lab Network, it offers products, which include a variety of tools for routine tests in the doctor’s office up to the latest genetic tests for professional health care.

The branch office in Mannheim is located in one of the three awarded biotech regions in Germany, like its sister company in the Upper Bavarian Penzberg. Further functions also take place at the Mannheim base. Two-digit growth rates confirm the course of the company as a precursor in the development of innovative systems, which provide an early diagnosis of illnesses or health risks.

The Roche location in Mannheim is specialised in the many facets of the diagnostic business and is at the same time one of the most multifunctional plants worldwide. The Mannheim employees also have considerable experience in the fields of chemical production of therapeutic effective substances as well as of production and packing of medicine.

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Save jobs by changing them
Save jobs by transforming job content:

As part of the changing production process, Roche offers very intensive training to their employees. This is to make sure that workers, who have done a different job before, working with solid medical ingredients, can carry out the more innovative production of fluid ingredients.

Support the region
The management of Roche is part of the Förderkreis Rhein-Nekar, supporting the area of Mannheim and Ludwigshafen. This is a management-initiated project to make sure that the region is strong enough to be able to support Roche and its employees, and to keep the region attractive.

Discussion: Roche, state-regulation and incentives needed by a company to be more proactive in CSR issues?

When Roche took over Boehringer, a Swiss company without an EU background but a very internationally minded one, the economic need for change was obvious. At first some personnel reductions were unavoidable. The social partners was made aware of this external issue through the established social dialogue. It would be necessary to ensure that the Mannheim region stayed within the overall Roche plan.

The works council together with the site managers saw the economic necessity and, knowing that the supply-side of human resources for Roche would be endangered in the future, the company decided to invest in the following project, in stages up to July 2003. Since the production of solid medical ingredients is no longer an innovative process, unlike the production of fluid ingredients, the following decision was taken:

- The production of solid medical ingredients will be moved away from Mannheim. This includes 150 employees (40 of those are at management level).
- Instead, the production of fluid ingredients will be reinforced in Mannheim.

The workers council set up, together with the management, the following five-issue plan.

1. Job guarantee
2. Salary guarantee
3. Qualification
4. Bonus plan
5. Transparency

The works council actively supported the implementation of issues 3 and 5. The works council is aware that there are no written promises, but so far the agreement has been kept.

The plan made it necessary to re-train a large part of the work force. First, it demonstrated the need for change with the ambition to offer the new jobs within the company, in particular to those who were willing to be re-
trained. None of the decisions were made without using the established social partnership, but the management made the first move. There was no external pressure to act as Roche had chosen to do. But the cooperative (and established) style has helped management and workers to proceed together on this issue.

Roche does not describe this process as CSR, since this term is not used as such. The tools that are being used are to define the exact qualifications of the employees today and to define the exact needs of the company for the new positions. This project is not being used as a social marketing issue, but is used when recruiting new personnel, to demonstrate the long-term interest of Roche in their people.

Benchmarking with other companies has not been done, since this seems to be an internal issue, where no external involvement is needed, nor helpful. This does not mean that there is no external communication about the project. If there were a need to produce more reporting on social issues, that would not pose a problem for a large company such as Roche, but would not be helpful for smaller companies.

According to Roche, a ‘prescribed’ CSR through legislation would mean that companies would not do more than today, but only report more. The unions do not seem to be ready to open up to more global involvement of other stakeholders.

According to Roche, incentives for a company to be more proactive in CSR issues seem to be economic reasons for the company itself only. More regulation would lead to more reporting, but not more action. Thus social issues are already being cared for by the companies on their own incentive; not necessarily under the name of CSR, but on the basis of the established social dialogue.

According to Roche, the efficiency of the whole project will be hard to measure, but could be one way to use this example positively for future actions. The works council measures the project in terms of jobs saved or established with good overall working conditions on a long-term basis.