



Safety – A Wicked Problem

Leading CEOs discuss their views on OHS transformation

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Safety: A Wicked Problem

Executive summary

Australia has reached a crossroads in its performance in occupational health and safety (OHS). We have complex, compliance-based systems in place, yet based on available measures OHS outcomes have levelled off or even worsened.

The rate of fatalities at work (not including workplace illness) has increased from 2.6 deaths per 100,000 employees in 2003 to 2.8 in 2007.¹ Based on the findings of a 2003 Access Economics study, work-related fatalities, including trauma and illness, range between 5000 and 8000 people a year. This is massively higher than is generally understood in the public domain or acknowledged by most stakeholders.

Australia has made enormous gains in OHS through the use of systems, structures, compliance and technology, but they have reached their transformational limits. More of the same will not give us the next big leap in OHS performance.

As part of its desire to explore future directions for OHS performance, Peter Wagner & Associates carried out interviewed-based qualitative research with a selection of chief and senior executives of large Australian companies, government-related organisations, safety regulators, the Safety Institute of Australia, the Australian Council of Trade Unions, the Australian Chamber of Commerce and Industry, and the investment community.

The research, which may be the first of its kind in Australia, has been funded by Peter Wagner & Associates with the aim of encouraging fresh debate on safety to explore what will deliver the next level of transformational change in OHS.

CEOs' attitudes and approaches to OHS

Contrary to common views on CEOs, the chief and senior executives who participated in this study were able to demonstrate an active interest and deep knowledge of OHS practice and issues within their own organisation.

Many had developed informal networks among high-end performers to regularly share best practices. CEOs also believed strongly that OHS should not be a competitive issue and all were willing to engage in conversations with their competitors, suppliers and clients.

They viewed OHS as one of their key accountabilities and one of the highest priorities in their business. It was typically positioned as the top agenda item in all management meetings.

Key findings included:

- CEOs agreed that the biggest challenge was developing the right OHS culture and engaging their workforce in collaborative conversation on OHS issues. They were putting much of their emphasis on developing resilient OHS cultures that encouraged greater active participation by employees.
- Most CEOs no longer relied on the Lost Time Injury Frequency Rate (LTIFR) and OHS audits as primary performance measures. All reported some difficulty in measuring the effectiveness of their programs and most were exploring lead measures.
- Many CEOs felt that their safety managers were technically proficient in general OHS knowledge, but often lacked core capabilities around understanding business strategy, change management, and influencing skills. They also felt line managers needed better skills in engaging the workforce in OHS conversations.
- Generally, CEOs felt that the legislative framework was largely ineffective in helping to prevent injuries. It had become complex and burdensome without leading to enhanced performance outcomes.
- They supported the movement towards harmonisation of OHS law, but did not believe it would have any positive impact on OHS outcomes.
- The consensus view from all stakeholders interviewed was that the community was complacent about OHS and the level of outrage it generated was generally low.
- CEOs acknowledged that general health and wellness issues, under the guise of 'fitness for work', appeared to be becoming part of workplace OHS. They were uncertain as to what role or expectations would be placed on business in this area.
- The small business sub contractors used by larger businesses are an area of concern, with CEOs reporting that a significant share of the responsibility for their OHS education fell on the larger company because of the increased risk to their own employees.
- Most CEOs reported positive experiences in dealing with trade unions on OHS. They felt that OHS and industrial relations roles should be separated, and that union officials needed to upgrade their skills to be more effective in leading safety conversations.

Ten insights into improving OHS performance

When asked what they would do to transform OHS performance in Australia, CEOs provided insights across 10 areas:

1. Focus on the enterprise.
2. Engage employees and develop resilient cultures.
3. Ramp up skills and education.
4. Upgrade data quality and availability.
5. Create learning forums for business leaders.
6. Alter community expectations.
7. Support technology development.
8. More research funding.
9. Increase investor interest.
10. New solutions for OHS in small business.

Where do we take the debate on OHS transformation?

Legislative framework / harmonisation

Does OHS require the same level of reform as that which changed the face of industrial relations in this country? Have we got the balance right between prescription and enterprise focus? Is there a smarter way that we can maintain appropriate standards but also give greater incentives to drive innovation and performance transformation?

Society's attitudes to OHS

If there were persistent community interest and outrage around OHS performance, what would be the consequences? There might be:

- A greater appreciation among organisations of their social licence to operate.
- Greater awareness among employees and higher family expectations that they will develop an OHS mindset.
- Questions and considerations among investors of a company's OHS performance that translate into movements in the share price.

Changing nature of OHS to include wellness/fitness for work

Should this pathway be a part of the OHS transformation? Could it perhaps be a part of the answer to the collaborative conversations and employee engagement that will be necessary to transforming OHS?

If we take a more holistic approach to people's health and safety, including their non-work hours, might we get the engagement we are seeking? What implications might this have in alleviating the burden on health services? Or is it just another rung on the ladder leading to the much-derided 'nanny state'?

Better data/measuring effectiveness

We need, at least:

- Research to create a suite of tested, reliable lead measures for OHS that can be used across industries.
- Incident investigation processes that take in the individual, systemic and organisational (cultural and environmental) factors that contributed to the death or injury or caused the unsafe conditions, rather than blaming the worker.
- Meaningful, nationally collated data that reveals the true story on Australia's OHS performance.
- A solution to create easier access to global best practice information across industries and fields that could spark innovation in OHS.



The next 'big thing': OHS culture / collaborative conversations / engaging the workforce

The key challenges seem to be:

- Getting people to be aware of and understand risks relevant to their work activities.
- Workers having the confidence to raise issues at higher managerial levels.
- Encouraging workers to observe safe work practices rather than taking perceived short cuts.
- Dealing with conflict resolution during times of disagreement.
- Being over-confident that they can control risk factors when taking 'minor' short cuts.

The problems are most acute at project deadlines and at times of high production, when productivity demands are at their peak. People may unwittingly sacrifice their safety to meet deadlines; is this really an acceptable trade-off?

Education and the role of educators

A concept to reform OHS education might look like this:

1. The safety professional – establish national standards for accreditation and qualification. Their education should cover a broad-based curriculum that includes business, strategy, change management, influencing, safe working behaviour and technical OHS components.
2. The line manager – whether CEO, front-line employee or health and safety representative, we need to develop a nationally consistent education framework delivered part in-house and part externally. The curriculum should be relevant to the level of each role and cover similar topics to the safety professional.
3. External stakeholders – education should be consistent with the nature of their role. There should be a strong experiential component, where OHS skills are sourced from industry and not just from a theoretical perspective.

Who should lead? How should we take this debate forward?

It is clear that there will be no easy solution to the next transformational stage of OHS. But the better we understand and define the 'problem', the more likely we are to discover the solution/s that will yield the best results.

Key thought leaders and practitioners inside and out of the OHS field need to get together to consider these broad questions:

1. What is the core question we are trying to answer on OHS? What would we accept as a society that would satisfy the OHS challenge? For example, does Australia want to achieve zero harm for industrial illness and injury or is our goal broader?
2. What are the key elements that should be considered in framing that question? For example, what is the positioning for health, education and technology in the OHS conversation? Are there other elements that should be considered?
3. What have we achieved so far, what have we got right and what are the key gaps that might be identified based on performance to date?
4. What is the grand design required to support the accomplishment of our core question? What resources and funding will be needed to satisfy our aims?

In order to take next big step, we must have the courage to question the way in which we currently do things and be open to the prospect of a grand new design.

Introduction

Occupational health and safety (OHS) is a ‘wicked’ problem. It is inherently difficult to define, the processes to resolve its myriad aspects keep changing, and it is rarely clear if the problem has in fact been resolved. The ‘OHS problem’ can seem to be a vicious cycle of fixing one ‘problem’ that causes another ‘problem’ to arise. There are no easy, ‘tame’ answers.

Australia has reached a crossroads in its performance in OHS. We have complex, compliance-based systems in place around the country. This includes increasingly prescriptive legislation, codes of practice, punitive measures, greater emphasis on risk management principles, naming and shaming of organisations, increased prosecution activity, and more community-based advertising campaigns.

Yet based on available measures, OHS outcomes have levelled off or even worsened. The rate of fatalities at work (not including workplace illness) has increased from 2.6 deaths per 100,000 employees in 2003 to 2.8 in 2007.¹ We consistently have around 700,000 people a year suffering a work-related injury or illness,² a figure that is growing and likely much higher because of inadequacies in data collection and reporting. (For example, there is no way to measure under-excess claims, ‘gentlemen’s agreements’ on injuries, or incurred-but-not-yet-reported claims, such as latent illness.)

Access Economics was commissioned by the then National Occupational Health and Safety Commission in 2003 to review the methodology and estimates of workplace fatalities from all causes.³ Access provided insight into the true level of work-related fatalities, including trauma and illness, finding that it ranges between 5000 and 8000 people a year (see Table 1). Based on all Australian fatalities in a year, workplace-related causes account for between 3.8 per cent and 6.35 per cent of deaths. This is massively higher than is generally understood in the public domain or acknowledged by most stakeholders.

Reaching the next level of transformational improvement in OHS will bring enormous benefits to the Australian community, such as reduced strain on the healthcare system, improved productivity, lower financial burden, better return on investment, improved global reputation, and simply improving the value we place on the wellbeing of members of our society.

Historically, major advancements in OHS have been a result of better structures developed through systems and compliance regimes and separation of people and risk through technology advances. Progressive organisations have started to take tentative, campaign-based steps to increase employee engagement and introduce strategies to deliver a better safety culture.

We have made enormous gains through the use of systems, structures, compliance and technology, but they have reached their transformational limits. All that is left are minor, incremental improvements. More of the same will not give us the next big leap in OHS performance.

We need a heightened level of sophistication and understanding of our ‘wicked’ problem that will facilitate a grand new design for how we approach OHS. We need to articulate its strategic intent in a way that transforms the field and leads to radically improved outcomes. Is it time to shift the debate from mere tactics to higher-order and more expansive considerations?

‘Wicked’ is an apt description for the OHS ‘problem’

‘Tame’ and ‘wicked’ problems are a concept developed in the late 1960s by two professors from the University of California, Horst W.J. Rittel and Melvin M. Webber. They developed the concept to address the complexity of attempting to resolve social policy issues.

‘Tame’ problems can be readily defined, there is a structured process to use to resolve them, and it is clear at the end of the process if the problem has been solved. Examples of tame problems are solving a mathematical equation, a chemist analysing the structure of a compound, or a chess game. Tame problems can be complex, but the outcome is clear.

‘Wicked’ problems on the other hand, are inherently difficult to define, there is a lack of direct correlation between actions and outcomes, and it remains uncertain as to whether the problem has in fact been resolved.

Table 1: Estimates of work-related fatalities from all causes, Australia, 2001.

	NOHSC	Access Economics	
		Low End	High End
<i>Injury fatalities</i>			
Compensated traumatic fatalities (NDS 2000-01):	206	206	206
Commuting fatalities	114	114	114
Workers not covered for compensation	94	94	94
Bystanders	133	127	127
Total injury fatalities	547	541	541
<i>Disease fatalities</i>			
Mesothelioma deaths	400	400	400
Additional deaths due to diseases other than mesothelioma	1640	3946	7227
Total work-related disease fatalities	2,040	4,346	7,627
Share of deaths from diseases in Australia (2001)	1.69%	3.60%	6.32%
Total work-related fatalities	2587	4887	8168
Share of total Australian fatalities (2001)	2.01%	3.80%	6.35%

Source: Access Economics.³

Rittel and Webber described 10 characteristics of wicked problems.

1. There is no definitive formulation of 'the problem', because all the questions that need to be answered cannot be defined.
2. They have no stopping rule. If you cannot know all the questions, how can you know when all the solutions have been met?
3. Solutions are not true or false, but better or worse. It is open to interpretation whether the outcome was good or bad.
4. There is no immediate or ultimate test of a solution. Wicked problems tend to have ongoing repercussions that take time to fully appreciate.
5. Every solution is a 'one shot operation'. There is no opportunity to learn by trial and error; implemented solutions are not easily undone.
6. Problems do not have an enumerable list of potential solutions; nor is there a well-described set of permissible operations that may be incorporated into the plan.
7. Every problem is essentially unique; each situation needs to be considered on its own merits.
8. Every problem can be considered to be a symptom of another problem. The danger is to focus on incremental solutions that only resolve certain aspects of a broader problem. More problems emerge and so the real problem becomes worse.
9. The existence of a discrepancy representing a wicked problem can be explained in many ways. The choice of explanation determines the nature of a problem's resolution.
10. The planner has no right to be wrong. Solutions are often based on hypothesis. The more a particular hypothesis is capable of withstanding criticism, the more likely the hypothesis is to gain ascendancy. We believe it to be true, so therefore it must be.

Further reading:

For the complete paper on Dilemmas in A General Theory of Planning by Rittel and Webber, visit the following website: <http://www.metu.edu.tr/~baykan/arch467/Rittel+Webber+Dilemmas.pdf>

Method

As part of its desire to explore future directions for OHS performance, Peter Wagner & Associates carried out interview-based qualitative research with a selection of chief and senior executives of large Australian companies.

The views of other key stakeholders (such as government-related organisations, safety regulators, the Safety Institute of Australia, the Australian Council of Trade Unions, the Australian Chamber of Commerce and Industry, and the investment community) in the OHS field were also gathered to put some balance in the dialogue and to assess alignment of thinking between the field's leaders. The themes of the conversations are outlined in Figure 1.

The interviewee companies came from a range of industry sectors, including retail, mining, construction, aged care, fresh produce production and logistics, rail passenger and freight transport, health and insurance. They were located in Victoria, New South Wales, Queensland and the Australian Capital Territory.

Interviewees were selected from Peter Wagner & Associates' network of contacts and expanded through recommendations gained from people interviewed. A list of interviewees is shown in Table 2.

The research, which may be the first of its kind in Australia, has been funded by Peter Wagner & Associates with the aim of encouraging fresh debate on safety and to explore what will deliver the next level of transformational change in OHS.

Interviews were typically one hour. The thematic template shown in Figure 1 acted as the framework for the interviews.

All interviews were conducted by Peter Wagner, who took extensive notes. No tape recording was done. An undertaking was given to interviewees that no direct quotes, attributions of comments or case studies would be used. This was done to ensure that the interviews were open and candid.

Given that business carries the weight of responsibility for delivering safe work outcomes, the research sought to test leading organisations on their thoughts about safety, what works for them, and what changes they believe need to be made to encourage innovation and transformational change.

Each conversation was conducted under a synthesis of four high-level themes:

1. What is each interviewee doing to deliver OHS excellence?
2. What do they believe are the strengths and weaknesses of Australia's present approach to managing OHS?
3. How do they see the role and effectiveness of key stakeholders outside their own organisations?
4. What key strategies would they employ to transform safety performance in Australia today?

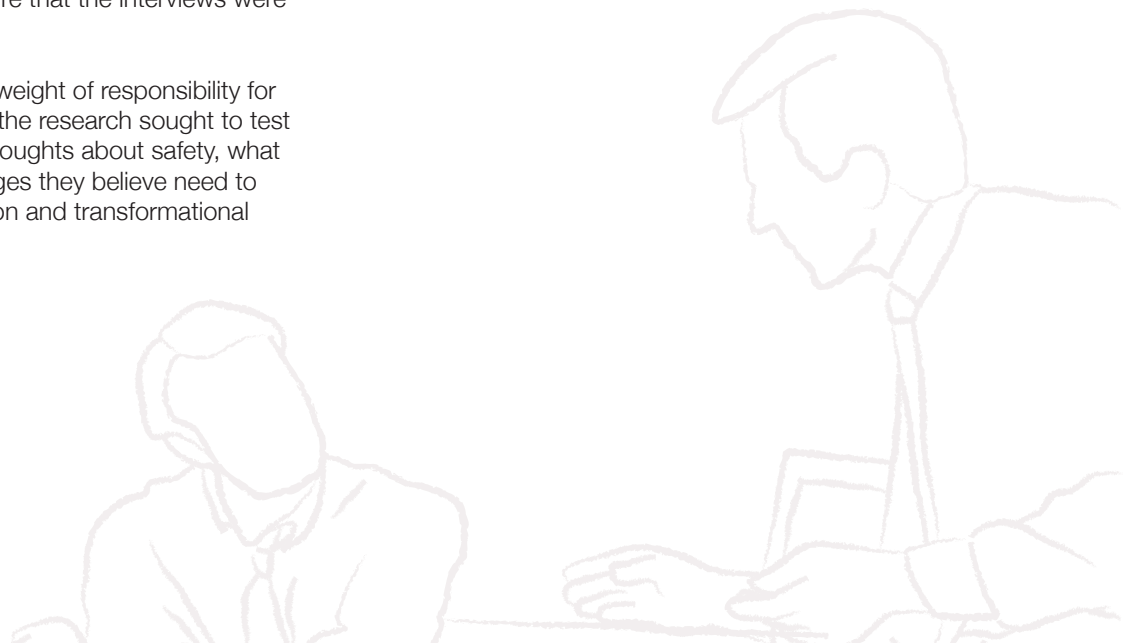


Figure 1 - CEO Conversations
Where are we with health and safety?

Why Safety	How Positioned	Success Drivers	Safety Challenges	Monitor & Measure
What does good Safety look like Health, Wellness Importance	Strategic Context Business Plan	Culture Technology Environment Systems	Barriers What's tough, why	When are we safe Expectations
Stakeholder Engagement	Knowledge Leverage	Transformation	Future	Blue Sky
Regulators Unions Investors Community	Risk Profile Centres of Excellence Communities of Interest	Leading the safety challenge What should be different	Will the challenge be different in 10 - 20 years time, how	What else?

Table 2: List of interviewees.

Organisation	Name	Position
Australian Chamber of Commerce and Industry	Peter Anderson	Chief Executive Officer
Australian Council of Trade Unions	Geoff Fary	Assistant Secretary
Australand	Bob Johnston	Chief Executive Officer
	Nigel Edgar	General Manager Queensland
Australian Unity	Derek McMillan	Group Executive Retirement Living
BHP Billiton Mitsubishi Coal	Marcelo Bastos	Chief Executive Officer
	Jason Economidis	Vice President, Health, Safety and Environment
Costa Exchange	Mano Babioulakis	Chief Executive Officer
E.L. & C. Baillieu Stockbroking Ltd	Ivor Ries	Head of Research
Lend Lease	Steve McCann	Chief Executive Officer and Managing Director
Queensland Health	Adrian Shea	Corporate Services
Queensland Rail	Lance Hockridge	Chief Executive Officer
Safe Work Australia	Tom Phillips	Chairman
	Rex Hoy	Chief Executive Officer
Safety Institute of Australia	Gary Lawson Smith	Chief Executive Officer
Sugar Australia	Tim Hart	Chief Executive Officer
V/Line	Rob Barnett	Chief Executive Officer
Woolworths	Michael Luscombe	Chief Executive Officer
Workplace Health and Safety Queensland	Simon Blackwood	Executive Director
WorkSafe Victoria	John Merritt	Executive Director
Xchanging	Paul Serong	Chairman

Results

1. What is each interviewee doing to deliver OHS excellence?

CEOs who participated in this research shared common perspectives in how they managed OHS within their own business.

They viewed OHS as one of their key accountabilities and as one of the highest priorities in their businesses. They believed that good business and good OHS were congruent; you could not have a good business with a poor OHS record. Most CEOs acknowledged that their most productive sites were also the sites with the best safety record, which they felt was most likely a consequence of better work planning and scheduling practices.

Some CEOs had taken tough decisions to withdraw from certain business activities and locations (particularly internationally) where they believed OHS could not be managed satisfactorily because of external conditions. This included countries where OHS regulation and practice had not yet developed internationally recognised standards.

Typically, the CEOs had positioned OHS as the top agenda item for all management meetings. The topics of conversation included performance benchmarks (lead and lag), risk profiles, incident analysis, and serious injuries.

The CEOs agreed the biggest challenge was developing the right OHS culture and engaging their workforce in collaborative conversation about OHS issues. All businesses were investing considerable effort in this step.

They acknowledged that to get the best OHS and business outcomes, it was essential that people across the organisation were able to come together to talk about issues affecting OHS performance. Inherent to this was an understanding that safety was an outcome of business design and systems, organisational culture, and operating environment; these have become the primary levers for transforming OHS and business effectiveness.

To date, much of this collaborative effort has been focused on safety observation programs, toolbox talks and the development of Job Safe Analysis (JSA). Most conceded that the conversation was still largely top down and that more effort was required to engage the workforce.

Most CEOs had introduced what they described as 'consequence management'. Historically, these businesses had developed a 'no blame' culture to instil openness and transparency in reporting of OHS issues. Although this was still a significant platform, consequence management had been introduced as an additional layer to recognise appropriate safety behaviours and ensure people were treated fairly when compliance failures were identified.

Increasingly, CEOs were benchmarking their activities with other organisations and speaking directly peer to peer, even outside their own industries. They sought best practice examples, with the main focus being how to build successful OHS cultures and enhanced metrics that enabled business to have greater confidence that its OHS efforts were robust and delivering the right results. These organisations were also enthusiastic about sharing their experiences with their direct competitors and were willing to share and learn ideas that would lead to improvement.

Most CEOs no longer relied on the Lost Time Injury Frequency Rate (LTFIR) and OHS audits as the primary performance measures. Most had adopted a much broader suite of metrics that helped them to understand whether the right management disciplines were in place that led to effective OHS outcomes.

These were referred to as lead indicators and included measures such as number of training days, number of safety observations, content of toolbox talks and similar. Most organisations carried out formalised OHS culture studies.

CEOs conceded that more work was required in this area to better understand what drives OHS outcomes in their particular businesses, but it was a big step forward from five or 10 years ago. All acknowledged that there needed to be better correlation between activity and outcomes, i.e. more emphasis on ensuring strategies and interventions were delivering on their strategic intent.

All CEOs believed that they had made substantial progress towards excellence in OHS, but even the best performers accepted that they still had a long way to go. They recognised that a low injury rate did not mean that they had 'solved' OHS.

2. What do they believe are the strengths and weaknesses of Australia's approach to managing OHS?

CEO engagement in the challenges of OHS

This question of how engaged CEOs were in meeting the challenges of OHS arose frequently throughout the research. There was a view among many stakeholders that CEOs were disinterested in conversations about OHS and were unresponsive to requests for participation within their own enterprises or as part of industry or external forums, preferring to delegate OHS to the safety manager.

Although this may be true of some organisations, the CEOs participating in this research were able to demonstrate an active interest and deep knowledge of OHS practice and issues within their own organisations.

When challenged about the perception of lack of engagement, most CEOs stated that they did not participate in public forums because they felt these discussions were too ‘grass roots’ and did not focus sufficiently on strategic initiatives and case studies that they could relate to their own enterprises.

Instead, many CEOs had developed informal networks among high-end performers that regularly talked with each other to share best practices. CEOs also believed strongly that OHS should not be a competitive issue and all were willing to engage in OHS conversations with their competitors, suppliers and clients.

All CEOs interviewed demonstrated great personal commitment to OHS and saw it as mission-critical to business success.

Safety competencies

Most CEOs believed that much needed to be done to raise the level of skill and capability to manage OHS across all levels of the organisation.

People generally supported the view that they wanted to get OHS right. The issue was often not one of desire, but more about having the requisite skills, knowledge, training and capability to be effective. Competencies in this context also included the broad range of people management skills necessary to be effective, such as conflict resolution, coaching, and dealing with performance issues.

Many CEOs felt that their safety managers were technically proficient in general OHS knowledge, but often lacked core capabilities around understanding business strategy, change management and influencing skills. This led to perceptions that some OHS people were ill-prepared to influence business objectives in a constructive way and were perceived as too negative or bureaucratic in managing the balance between business and OHS imperatives.

However, the comments extended beyond OHS professionals. CEOs believed that they and their line managers needed to develop far better skills, particularly in engaging the workforce in OHS conversations and resolving conflicting priorities.

Organisations themselves were seen as accountable for developing this skill set. CEOs felt that there was a great opportunity for educational institutions such as universities, TAFE colleges and perhaps even secondary schools to include OHS in vocational courses. There appeared to be a lack of consistency in national standards for education across the full spectrum of OHS activities. Where OHS training did occur, the focus generally was on legislative frameworks and compliance issues rather than on how to produce effective OHS outcomes.

Many CEOs believed that health and safety representative training should be significantly upgraded. The view was that the present training emphasises legislative and technical aspects of OHS management, with little or nothing about achieving cultural change through employee engagement and collaboration.

Contractors were another big area of concern. Most CEOs believed that it was difficult to encourage contractors to conform to the same standards as their employees. Factors included lack of direct control over contractor behaviour, variances in different client approaches to OHS, and the use of smaller contractors who lack the sophisticated approach of larger contractors. Contractor management was viewed as one of the greatest threats to delivering OHS excellence.

Complacency was seen as the single biggest threat to injury prevention. CEOs expressed the view that employees appeared to eliminate themselves from considerations of risk, believing that injuries happened to other people.

The legislative framework

Generally, CEOs felt that the legislative framework was largely ineffective in helping to prevent injury. It was acknowledged that there must be minimum standards and that a systemic approach assisted in achieving a certain level of performance. However, most believed that the compliance regime in Australia had become unnecessarily complex and burdensome without leading to enhanced performance outcomes.

Most supported the movement towards national harmonisation of laws, with many believing that it did not go far enough. They would prefer to see one system for OHS, particularly for employers operating in more than one state.

The concept of harmonisation has been developed in response to pressures for greater consistency, less bureaucracy, increased compliance and reduced business cost. CEOs welcomed a simplified regulatory environment, but few felt that harmonisation would significantly impact on OHS outcomes.

Most CEOs believed that at least in the short term, compliance and administration costs would increase as they adjusted their systems to meet new requirements. There was also a fear that harmonisation could break down if particular states chose not to participate or if a state later sought to make amendments that were not nationally consistent.

CEOs were putting much of their emphasis on developing resilient OHS cultures that encouraged greater active participation by employees. The focus was on providing a variety of mechanisms to give employees increasing opportunities to be heard, such as better use of toolbox meetings, regular OHS culture surveys, more participation in risk management activities, OHS observation programs, and transparent near-miss and incident reporting processes.

Measuring effectiveness

All CEOs reported having degrees of difficulty in measuring the effectiveness of their OHS programs.

Most organisations used measures such as LTIFR, Total Recordable Injury Frequency Rate (TRIFR) or duration rates. These lag measures were not seen as adding much value to the understanding of what drives effective OHS performance.

In response, many CEOs were looking to define lead or anticipatory indicators of performance. CEOs recognised that much of the work done in this area, while a step forward, still did not provide adequate data to enable effective decision making.

For example, most lead indicators measure volume of activity and in some cases attempt to measure OHS culture through formal surveys. Indicators include number of training days, number of OHS committee meetings held, number of task observations, and so on.

Little work is being done to understand the effectiveness of these programs. They are happening, but are they delivering against their stated intent? Work to develop efficacy measures is still in the embryonic stage and perhaps represents a big opportunity for researchers, regulators and industry to collaborate.

From a regulatory perspective, public accountability and reporting for OHS performance were issues. Reporting is voluntary and mostly done by high-risk organisations in mining, petrochemical and chemical industries, where community and investor expectations and interest are high.

Stakeholders said that the main barriers to public reporting included a lack of meaningful, commonly agreed measures and resistance by organisations to putting their OHS performance on the public record.

This also affected the investment community, which was divided on the issue of OHS as a criterion for investors. Because of the lack of reliable, publicly available data on company OHS performance, the presumption was that all was satisfactory unless there was an obvious problem. OHS was often seen as 'beige', as there was no reliable way to contrast performance.

Society gets the level of OHS it demands

OHS was generally considered to be a business issue, but it clearly falls in the domain of social policy. The consensus view from all stakeholders was that society was complacent about OHS. With the exception of matters that gained strong media coverage or resonated with community fears, outcry over OHS issues within the public domain was rare.

Most CEOs and other stakeholders were surprised that the level of outrage for OHS in the community was generally very low. They felt this was because industrial fatalities were almost invisible and there was almost no public reporting of injuries causing permanent damage.

Most CEOs agreed that if OHS performance were to be transformed, one of the key drivers would be changing community mindsets and expectations.

A new emphasis on health

During the research, interviews with stakeholders for the most part covered the usual industrial health topics such as noise-induced hearing loss and mesothelioma. However, it was clear that general health had started to take on the broader perspectives of personal wellness and fitness for work.

Some CEOs reported concerns that sections of their workforce were becoming less fit for work because of weight gain, loss of physical strength, and poor lifestyle choices. Although there was a belief that individuals were responsible for their own wellbeing, there was uncertainty as to what role or expectation there would be for business.

Most CEOs said their companies were already addressing the broader realm of health and wellness by offering programs such as flu injections, gym memberships, corporate sponsorship of activity programs, annual medicals and general advice on healthy lifestyles.

In Victoria, the regulator has further expanded the concept of health in the workplace by offering companies and their employees free basic health checks that include heart, blood pressure and cholesterol testing.

OHS in small and medium businesses

OHS in small and medium-sized businesses was of greater concern to the regulators and the ACTU, although CEOs understood that certain smaller businesses (e.g. specialist trades) were likely to be engaged as contractors and therefore their ability to meet OHS standards was very important.

Regulators acknowledged that it was a big challenge to keep small businesses abreast of their OHS obligations. They felt that small businesses generally did not have access to suitable OHS resources and were often unaware of their full legislative obligations.

Most large businesses struggle with the complexity and variety of legislation they must comply with. Some CEOs reported that their company had to stay up-to-date with more than 400 regulations and codes of practice. Although smaller businesses would not strike the same level of bureaucracy, it was not surprising that stakeholders believed compliance levels would be low.

CEOs reported that a significant share of responsibility for OHS education of small sub-contractor businesses ended up with the larger business because of the increased risk to their own employees.

3. How do they see the role and effectiveness of key stakeholders outside their own organisations?

Trade unions

Generally, most CEOs reported a positive experience in dealing with trade unions on OHS. Most felt that unions were supportive in promoting OHS outcomes with their workforce, but this often depended on relationships between key individuals.

There were two main observations:

- All CEOs believed that there should be a separation of roles between OHS and industrial relations officials and workplace representatives. Mostly, these roles have been combined. CEOs reported experiences where OHS was sometimes used as an industrial lever, particularly after the introduction of the Howard Government's WorkChoices system (now defunct) and more tightly controlled enterprise agreement negotiation processes.

CEOs felt that separating the roles would enhance unions' OHS contribution, enabling them to play a more active role in facilitating dialogue between management and the workforce and leading to better OHS outcomes. CEOs recognised that they too had previously linked IR and safety roles, but felt this was no longer the case.

- There was a general view that trade unions, like company OHS professionals, needed to upgrade their skills and capabilities to be more effective in leading safety conversations. Many officials had no formal background in OHS and few had practised as safety professionals.

The ACTU felt that industry and regulators were under-reporting the real OHS performance. There were concerns that employers were relying too heavily on OHS professionals to resolve issues rather than senior leadership being more personally involved. The ACTU believed that the regulatory frameworks together with punitive measures were necessary to establish base standards. It also recognised the importance and relevance of raising the level of discussion and debate on creating high-performance OHS cultures as critical to achieving transformation.

Regulators

There was a mixed response as to how effectively the various regulators were meeting the needs of business, with some states seen to be performing much better than others.

Where there was a positive relationship between the regulator and the business, issues tended to be dealt with cooperatively. However, this relationship often depended on the individual capabilities of inspectors.

There were several general criticisms. These included too much emphasis on technical enforcement instead of practical problem-solving, lack of understanding of the business itself and how it operates, lack of skill and capability in resolving complex issues, and focusing on minor matters unlikely to result in serious injury. CEOs' experiences varied significantly depending on the calibre of the individual inspector.

Regulators felt that many CEOs did not take action on OHS until it was too late and a fatality or serious injury had occurred. In response, regulators were facilitating CEO forums, but were finding the take-up rate to be slow.

Regulators recognised an increasing need to connect better with the community. In some states, their latest advertising campaigns bring the safety message to the home environment with positive and negative images of the consequences of workplace safety.

Regulators acknowledged the need to shift from a police-like enforcement mentality to one that provided greater assistance to industry. However, given the nature of inspectorate roles, compliance issues would always need to be addressed.

Regulators recognised that fines were not always an effective tool and were increasingly moving to enforceable undertakings to encourage prosecuted businesses to invest in safety for greater outcomes. Undertakings were focused on remediation, systems and training.

They were also looking for more sophisticated data and industry segmentation to better understand what strategies were required to assist businesses in their improvements.

One of the big questions occupying regulators was whether management and employees really understood 'risk'. They believed most people wanted to get safety right, but were not always sure what they should be doing.

The investment community

For most CEOs, OHS was a non-issue with the investment community. Few analysts showed any interest in the topic.

The exception was for CEOs in the mining industry, where safety performance was highlighted in annual reports and featured prominently in investor presentations and annual general meetings. Community expectations and the value placed on global reputation encouraged miners to focus heavily on their safety performance. For investors in this industry, a poor safety record indicates higher investment volatility and risk.

However, this sentiment was not evident in other organisations interviewed. CEOs reported that they were rarely or never asked questions about their safety performance or programs, even in higher-risk areas such as construction.

The investment community believed that there was little reliable, publicly available, comparative data. They assumed that most listed companies were getting safety right and were only concerned with organisations experiencing fatalities.

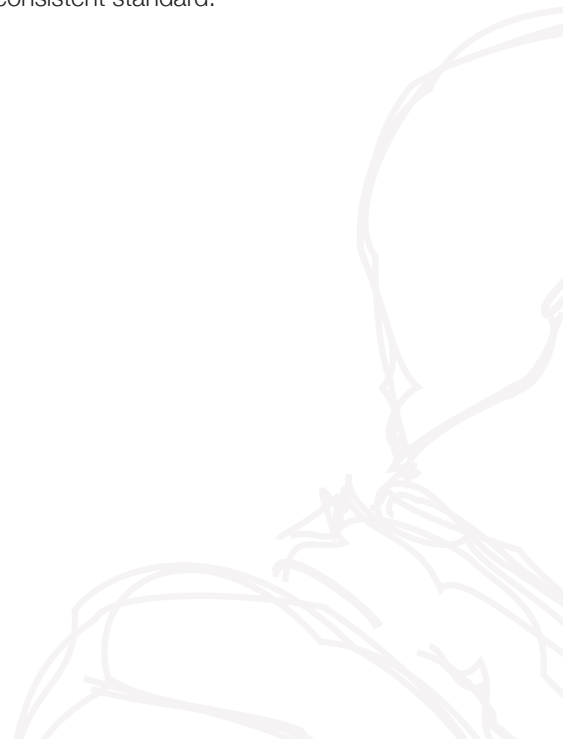
For example, in the case of James Hardie, the view was that the company had owned up to its asbestos problems, put in place a sensible strategy to manage the issue, and therefore its investment risk had been reduced. The negative impact on its share price was relatively short term.

For the investment community, the weight of interest remained largely on balance sheets and the potential for future growth opportunities.

4. What key strategies would they use to transform OHS performance in Australia?

The consensus view among CEOs was that not much would change in OHS performance over the coming years unless dramatic modifications were made. When asked what they would do to transform OHS performance in Australia, CEOs provided insights across 10 areas.

- **Focus on the enterprise.** The present legislative framework was ineffective and overly prescriptive. Although minimum standards were necessary, organisations should be freer to develop and execute strategies and programs to suit their specific needs. The perception was that compliance to legislative requirements served as a foundation; it did not of itself lead to performance improvement. An environment of innovation should be encouraged at enterprise level and successes shared across all industries.
- **Engage employees and develop resilient safety cultures.** Excellence in OHS could only be delivered by engaging the workforce in collaborative conversation, enabling everyone to better understand and more effectively manage hazards and risks. Ensuring everyone understood the context for change and/or work practices would lead to significantly better results.
- **Ramp up skills and education.** A major rethink was required on how OHS skills and knowledge were delivered across all levels of the organisation and throughout the community. There was a need to redefine appropriate skill sets. These include broader people management capabilities such as change management, influencing, coaching, and conflict resolution as well as the usual areas of technical OHS expertise. University and TAFE courses should be redesigned to deliver content more relevant to achieving transformational change. Courses should be developed to a nationally consistent standard.



- **Upgrade data quality and availability.** OHS still lacks consistent, meaningful information to enable insightful decision making at strategic and operational levels. This applies across three broad metric areas: incident and risk data; anticipatory data that measures factors such as climate, culture and future risks; and systemic efficacy (the degree to which systems, processes and campaigns generate positive OHS outcomes).
- **Create learning forums for business leaders.** CEOs would like to see more forums that focus on the needs of business leaders, in particular case studies that demonstrate the link between strategic interventions and delivery of sustainable outcomes. Forums needed to be strategic, focusing on topics such as safe behaviour, culture change, change management, innovation and transformation.
- **Alter community expectations.** Society needs to be better informed about matters relating to OHS and to expect higher levels of performance. This requires a big educative effort and a real shift in the OHS mindset, similar to that which has been achieved towards drink-driving.
- **Support technology development.** CEOs generally felt that new technology would continue to be an effective means of reducing and eliminating risk within workplaces. There needed to be increased collaborative efforts between governments, researchers, technology developers and industry to invent advanced, technology-based solutions across a wide range of applications.
- **More research funding.** CEOs believed in the need to seek innovative ways to improve OHS performance. More work was needed to understand best practice at a global level and how these practices might best be applied within the Australian context. A particular area of interest for CEOs was how people see and understand risk and what drives appropriate safety behaviours. Strategy and program development must be evidence based.
- **Increase investor interest.** Improved data availability would help to increase understanding of comparative performance between organisations. Research demonstrated that organisations that got safety right generally outperformed their peers in terms of share price.⁴ Increased competition would lead to a higher focus on safety across all industries and accelerate performance improvement.
- **New solutions for small business.** The approach to OHS in small businesses needed to be redeveloped and a practical framework built that was easier to communicate and execute.

Discussion

This research, which Peter Wagner & Associates believes is the first of its kind in Australia, has revealed several insights and discussion points to fire the debate on transforming OHS performance in Australia.

Legislative framework / harmonisation

Legislation has served a useful and necessary purpose in getting organisations to a common OHS standard. Yet compliance requirements have become burdensome, not always relevant to the needs of the organisation, and do not guarantee superior performance.

More change, in the form of national harmonisation of OHS laws, is on the legislative reform agenda. Yet about half the CEOs were ambivalent about harmonisation, apart from its cost and burden implications. The regulatory environment was not in their control and they did not believe harmonisation of itself would improve OHS performance. Their concerns centred on what they needed to do in their organisations to get more effective OHS outcomes.

We have made OHS too complex and compliance focused. Consider the changes made to Australia's industrial relations system during the 1990s and early 2000s. They resulted in an enterprise focus, significantly reduced administrative and regulatory requirements, and compulsion for employers and employees to directly bargain and converse. The eventual outcome was a massive decline in industrial disputation in Australia.

Does OHS require the same level of reform? Have we got the balance right between prescription and enterprise focus? Is there a smarter way that we can maintain appropriate standards but also give greater incentives to drive innovation and performance transformation in the field?

Society's attitudes to OHS

All of the stakeholders reported that they found society to be generally ambivalent to OHS, except in high-profile cases such as the Longford gas explosion (Victoria, 1998) and James Hardie and asbestos.

There is a lack of community outrage about the deaths and traumas suffered in Australian workplaces. They remain largely invisible, with poor media coverage and OHS statistics and data that obscure the true magnitude of the human tragedy.

If there were persistent community interest and outrage, what would be the consequences? There might be:

- A greater appreciation among organisations of their social licence to operate. Mining companies are acutely aware that their business depends on retaining their social licence and reputation, and that a large part of this revolves around their OHS performance and record. Mining, petro-chemical, chemical and perhaps the construction industries are the main sectors under threat of community outrage related directly to OHS. If every organisation was under this type of pressure, what might OHS performance look like then?
- Greater awareness among employees and higher family expectations that they will develop an OHS mindset. Husbands, wives, partners and children would be engaged more in the safety equation.
- Questions and consideration among investors and large institutions of a company's OHS performance and safety record that translate into movements in the share price.

Consider how Australia has tackled its road toll. Innovation in vehicle technology certainly played a large role in cutting tolls, but it is through the social campaigns that transformational change has been achieved.

Drink-driving and speeding have been made socially unacceptable. Human faces have been put to the deaths and injuries and strong, ongoing public empathy created. Senior police figures stand up at the media microphones every week to discuss road trauma and reinforce safe driving messages. The overall outcome has been massive reductions in road deaths.

Society gets the level of safety it demands – or is aware that it should demand. Lack of knowledge is at the heart of community complacency on OHS. An engaged, informed society would enhance the likelihood of successful OHS transformation.

Changing nature of OHS to include wellness/fitness for work

CEOs recognised that OHS, once purely an industrial domain, had started to become a vehicle for more fundamental health messages such as diet, exercise, healthy lifestyles, and preventive health activities, all related to the idea of 'fitness for work'. Many were beginning to initiate programs in these areas, while still wondering what the role and expectations of business should be.

Should this pathway be a part of the OHS transformation? Could it perhaps be a part of the answer to the collaborative conversations and employee engagement that will be necessary to transforming OHS?

Health, wellness, wellbeing, safe behaviours, reduction in risk-taking behaviours, identification of risk – these could be seen as forming an overall lifestyle pattern. Health and safety do not begin at work and should not 'turn off' when people leave work at the end of their day – or turn back on when they return to work.

If we take a more holistic approach to people's health and safety, including their non-work hours, might we get the engagement we are seeking? Should this concept be part of the future vision we build for OHS? Or is it just another rung on the ladder leading to the much-derided 'nanny state'?

Better data/measuring effectiveness

A core theme common across all stakeholders was that the level and quality of data available on OHS is insufficient for informed decision making. This includes data at enterprise and industry levels.

Within Australia, we collect myriad safety data, mostly through workers' compensation claims processes. This data is suitable for insurance purposes, but it is inadequate for deeper, more meaningful analysis and guidance on key issues, trends and potential solutions. We need, at least:

- Research to create a suite of tested, reliable lead measures for OHS that can be used across industries.
- Incident investigation processes that take in the individual, systemic and organisational factors that contributed to the death or injury or caused the unsafe conditions, rather than blaming the worker.
- Meaningful, nationally collated data that reveals the true story on Australia's OHS performance.
- A solution to create easier access to global best practice information across industries and fields that could spark innovation in OHS.

At the heart of measuring effectiveness is the issue of what problem we are trying to solve. Are we clear about our vision and expectations and do we align our efforts in support of our strategic intent? Fundamentally, the question is: what are we trying to achieve and how will we know when we have arrived?

Agreement that OHS culture / collaborative conversations / engaging the workforce will comprise the next 'big thing'.

All stakeholders agreed that legislation could only support the pursuit of effective OHS outcomes to a certain level – and that we have likely already reached that point.

All interviewees believed that developing the right safety culture, behaviours and attitudes would be central to the next big breakthrough in OHS performance.

However, early attempts at improving safety interactions and conversations between managerial and shop floor levels have proved difficult. The key challenges seem to be:

- Getting people to be aware of and understand risks relevant to their work activities.
- Workers having the confidence to raise issues at higher managerial levels.
- Encouraging workers to observe safe work practices rather than taking perceived short cuts.
- Dealing with conflict resolution during times of disagreement.
- Being over-confident that they can control risk factors when taking 'minor' short cuts.

The problems are most acute at project deadlines and at times of high production, when productivity demands are at their peak. The challenge of keeping safety top of mind increases during these periods. How do we change this? People may unwittingly sacrifice their safety to meet deadlines; is this really an acceptable trade-off?

Education and the role of educators

The issue of OHS competency featured strongly with CEOs and stakeholders, with everyone agreeing that the profile and standards for education and qualification for all roles involved in the OHS conversation need to be raised.

A concept to reform OHS education might look like this:

1. The safety professional – establish national standards for accreditation and qualification. Their education should cover a broad-based curriculum that includes business, strategy, change management, influencing, safe working behaviour and technical OHS components.
2. The line manager – whether CEO, front-line employee or health and safety representative, we need to develop a nationally consistent education framework delivered part in-house and part externally. The curriculum should be relevant to the level of each role and cover similar topics to the safety professional.
3. External stakeholders – education should be consistent with the nature of their role. There should be a strong experiential component, where OHS skills are sourced from industry and not just from a theoretical perspective.

Who should lead? How should we take this debate for OHS innovation and transformation forward?

At the outset of this paper safety was called a wicked problem, one that is difficult to define and where the available solution is not always clear or precise.

From this research, it is clear that there will be no easy answer or solution to the next transformational stage of OHS. But the better we understand and define the 'problem', the more likely we are to discover the solution/s that will yield the best results.

In 2002, the then National Occupational Health and Safety Commission (now Safe Work Australia) produced a strategy paper entitled 'National OHS Strategy 2002-2012'.⁵ This strategy called for a 40 per cent reduction in work-related injuries, a target that is unlikely to be achieved in the time remaining.

Key thought leaders and practitioners inside and out of the OHS field need to get together to consider these broad questions:

1. What is the core question we are trying to answer on OHS? What would we accept as a society that would satisfy the OHS challenge? For example, does Australia want to achieve zero harm for industrial illness and injury or is our goal broader?
2. What are the key elements that should be considered in framing that question? For example, what is the positioning for health, education and technology in the OHS conversation? Are there other elements that should be considered?
3. What have we achieved so far, what have we got right and what are the key gaps that might be identified based on performance to date?
4. What is the grand design required to support the accomplishment of our core question? What resources and funding will be needed to satisfy our aims?

'Key leaders' might include industry leaders, researchers, educators, consultants, regulators, unions, legal professionals, health leaders, and thinkers outside of the OHS space who can bring fresh perspective and insight.

Safe Work Australia could be the umbrella organisation to coordinate the debate, report the results, and negotiate agreement for a grand new design for OHS that will radically improve the OHS landscape and position Australia as the global leader.

Conclusion

This research presented CEOs with the hypothesis that OHS performance in Australia had plateaued and asked whether what we were doing today was likely to lead to excellence in OHS.

Their wide-ranging responses confirmed that we have indeed come a very long way over the past 10 years. The profile of OHS has never been higher and the effort and investment in getting OHS right has never been greater.

However, their responses also strongly supported the view that there was still much more that we needed to do across all stakeholders.

We need to step back from the day-to-day noise of OHS and ask ourselves the difficult question of whether what we are doing today will meet our expectations for tomorrow. Should we consider radically different approaches?

Transformation is very different to fine tuning. Fine tuning is about taking incremental steps, where performance improvement is gradual and occurs over extended timeframes. Fine tuning is the right strategy if we believe we are close to our goal.

Transformation, on the other hand, is about doing things in a radically different way. The argument for change is strong and urgent. We need to encourage fresh perspectives and develop a different capability. Transformation also means taking significant risk and fostering passion for something new. If we all say the same thing, are we really changing anything at all?

We are at the crossroad. Do we have the courage, commitment and belief to consider an alternative path?

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About Peter Wagner & Associates

Peter Wagner & Associates assists companies to improve business performance through the conversation of safety. It has worked for some of Australia's and the world's leading and most recognisable companies across a range of diverse industries including retail, manufacturing, infrastructure, state and local government, hospitality, insurance and professional services.

Principal consultant Peter Wagner established the business in 2003. He has held several senior human resources and change management roles for organisations such as Coles Myer, Kodak, IBM, SICPA, and Bowater Deeko. In these roles, Peter has successfully designed and led several transformation strategies focused on improving business outcomes.

His belief is that safety provides an ideal window through which organisations can better engage with their employees in collaborative dialogue that in turn delivers outstanding results. His passion is to work with companies that see the opportunity and want to achieve the extraordinary.

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