Safety – A Wicked Problem

Leading CEOs discuss their views
on OHS transformation

May 2010

Today's Topics

- Tame vs. Wicked Problems

- Methodology

- Results

- Discussion

- Conclusion

Tame vs. Wicked Problems

Tame Problems – the question can be readily clarified and it is clear whether a problem has been solved. Example, putting a person on the moon.

Wicked Problems – are more difficult to define, there is a lack of correlation between actions and outcomes and it remains uncertain as to whether the problem is solved. Typically, social policy issues are wicked problems.

Rittel and Webber 1969

Methodology - Survey Participants

Organisations

ACCI

Australand

Australian Unity

BHP Billiton Mitsubishi Coal

Costa Exchange

Lend Lease

Queensland Health

Queensland Rail

Sugar Australia

V/Line

Woolworths

Key Stakeholders

ACTU

E.L. & C. Baillieu Stockbroking Ltd

Safety Work Australia

Safety Institute of Australia

Workplace Health and Safety
    Queensland

WorkSafe Victoria

Xchanging

Methodology - Process

One on one interviews of 1 hour duration.

All conversations based on "4 walls" agreement

Balance of leading CEOs and key stakeholders

Key themes of discussion:

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?

Methodology - Hypothesis

- Australia's OHS injury performance has levelled off or got worse.
  - Fatality rate has grown from 2.6 to 2.8 deaths per 100,000 employees during 2003 to 2007. Safe Work Australia.
  - Approximately 700,000 workers' compensation claims per annum. ABS
  - Total number of fatalities ranges from 5,000 to 8,000 per annum when including illness related deaths. Access Economics.

- Technology and Systemic advancements have delivered significant improvements but have they reached their transformational limits?

- Is cultural change the next major lever?

- Do we need a more sophisticated approach?

Results – 1. OHS Excellence

- For all CEOs, OHS is a key accountability and one of the highest priorities in their business. Good safety and good business are congruent goals. OHS is a top agenda item.

- CEOs are prepared to withdraw from business activities if they cannot be managed safely.

- At the top level, OHS conversation centres on performance benchmarks, risk profiles, incident analysis and serious injuries

- CEOs believe the major challenge is developing a positive safety culture. Efforts have focussed on safe observation programs, toolbox talks and Job Safe Analysis tools. These activities have achieved mixed results.

Results – 1. OHS Excellence cont...

- CEOs have introduced consequence management to recognise positive safety behaviours and to fairly manage compliance failures.

- CEOs are speaking to one another and sharing lessons learnt. Peer to peer and outside industry benchmarking is occurring.

- Performance metrics are generally seen as inadequate. Lag measures are insufficient, lead measures mostly assess volume of activity. CEOs are looking for more evidence based and efficacy data on which to develop strategy and base decisions.

- All believe (including the best performers) they have made substantial progress, but believe there is still along way to go.

Results – 2. Strengths and Weaknesses

- CEO Engagement
  - All CEOs demonstrated personal commitment to OHS and possessed sound knowledge of the affairs of their own organisation.
  - CEOs believe public forums are often too grass roots based. There needs to be more strategic dialogue relevant to their needs.
  - Many CEOs have established their own informal networks.

- Safety Competencies
  - Safety managers need to develop broader skills in business strategy, change management, influencing, and coaching.
  - CEOs and line employees irrespective of level also need to upgrade their knowledge particularly in engaging employees, managing risk, and resolving conflict.
  - Opportunity for universities, TAFE and schools to establish national standards and better OHS education frameworks

Results – 2. Strengths and Weaknesses cont...

- The Legislative Framework
  - CEOs acknowledge the need for a minimum legislative standard, but believe the current framework is weighty and burdensome without yielding high performance results.
  - Harmonisation is welcomed, but most believe regulators should go further and create one legislative framework for national employers.
  - Legislative issues were not top of mind for CEOs, their focus is on culture
- Measuring Effectiveness
  - Lag measures such as LTIFR and TRIFR not adding much value
  - Lead indicators focussed on volume of activity vs. Efficacy
  - Regulators believe that OHS should be publicly reported

Results – 2. Strengths and Weaknesses cont...

- Society gets the level of safety it demands
  - CEOs believe society is complacent about OHS. Outrage factor is low.
  - OHS is largely invisible except high profile cases such as Longford and James Hardie
  - Need to change community mindsets and engage, similar to road safety campaigns
- Health
  - Some CEOs concerned about worker fitness
  - CEOs acknowledge that the discussion on health is broadening beyond traditional industrial health issues such as hearing loss and respiratory problems.
  - CEOs are concerned about what will be expected of business going forward. Where does the accountability for lifestyle choices lie?

Results – 2. Strengths and Weaknesses cont...

- Small to medium enterprises
  - Most stakeholders acknowledge an inherent difficulty in keeping small business abreast of its OHS obligations.
  - For big business, this is a prevalent issue often among smaller sub contractors.
  - Consequently big business has taken on a large part of the educative effort to mitigate potential risk between their own employees and sub contractors.

Results – 3. Role of Stakeholders

- Trade Unions
  - Generally the trade union experience in OHS is positive, though often dependant on individuals and quality of relationships.
  - CEOS believe
    - OHS and IR roles should be separate
    - Trade Union OHS professionals also need to upgrade their knowledge and skills. Many lack practical industry experience.
- ACTU believes industry and regulators are underreporting real OHS performance. Their view is that generally CEOs and senior management are not engaged in OHS and delegate heavily to the safety professional. They believe in a strong regulatory presence supported by heavy penalties for non compliance. They also recognise the need to develop strong safety cultures to achieve high performance.

Results – 3. Role of Stakeholders

- Regulators
  - CEOs believe some states are doing better than others. Where there is a positive relationship, issues are generally resolved satisfactorily.
  - General criticisms include: over emphasis on technical enforcement rather than problem solving, not understanding the business, lack of broader managerial skills, focussing on minor issues of little perceived consequence.
  - Regulators
    - o Feel CEOs are generally not sufficiently engaged in OHS and that they and senior management need to take greater ownership.
    - o Regulators see an increasing need to connect with the community which is evident through recent advertising campaigns.
    - o Regulators are using enforceable undertakings more frequently.
    - o Regulators accept the need to increase skill levels among inspectors.

Results – 3. Role of Stakeholders cont...

- Investors

  - CEOs (except in the mining sector) do not perceive that investors are interested in OHS. Few field questions at presentations of AGMs on OHS, even if they present their OHS results.

  - Investors believe that there is little reliable , publicly accessible and comparative data on OHS. The presumption is that all is well unless there is something obvious such as a fatality. OHS is seen as "beige"

Results – 4. Ten strategies to transform OHS

1. Focus on the enterprise

2. Engage employees and develop resilient safety 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 small business.

Discussion

- Legislative Framework/harmonisation

  - Have we made OHS too complex? 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 incentives to drive innovation and performance transformation?

- Society's attitudes to OHS

  - What might happen as a consequence of persistent community interest and outrage? Better appreciation by business of social licence to operate and enhanced reputation, higher family expectations, increased attention by investors? Does society know what it should demand?

- Changing nature of OHS to include wellness/fitness for work

  - Should wellness be part of OHS transformation? Does it allow another window for employee engagement and collaboration? How does this shape our vision for OHS going forward?

Discussion cont...

- Better data/measuring effectiveness
  - Better data means we will broaden our understanding of the questions we need to answer. What are we trying to achieve and how will we know when we have achieved it?

- Agreement that OHS culture/collaborative conversations/engaging the workforce will comprise the next "big thing"
  - The challenge is to keep OHS top of mind. How do we do this? Do people unwittingly sacrifice their safety to meet deadlines, is this an acceptable trade off?

- Education and the role of educators
  - Knowledge, experience and skill are key to developing sufficient capability. Do we clearly understand our educational needs and can our institutions play a greater role in preparing people with broader skill sets?

Discussion cont...

- Who should lead? How should we take this debate for OHS innovation and transformation forward?
    - We need to consider 4 broad questions:
        1. What is the <u>core</u> question we are trying to answer on OHS? Is it zero harm, or should it be broader?
        2. What are the key elements that should frame this question e.g. what should be the positioning of health, technology, education. What else?
        3. What have we achieved so far? What is working and what are the gaps?
        4. What should be our grand new design? What resources and funding is needed to support?

Conclusion

- Australia is at a crossroads.

- We should be proud of what we have achieved so far, but we still have more work to do.

- We need to step back from the current noise of OHS and ask ourselves critically, is what we are doing today going to meet our expectations for tomorrow. Is it time to consider radically different approaches or will more of the same suffice?

- Incremental change is about fine tuning, accepting that what we are doing is generally ok, we need to only get slightly better.

- Transformation carries an argument for change that is strong and urgent. We need fresh perspectives and higher levels of capability. Transformation requires risk taking and a passion for something new.

- Do we have the courage to consider an alternative path?

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