Look after your people – profits follow

Developing a robust health and safety culture has become a business issue. Not only because of continuing reverberations from the Pike River mine disaster – also because it makes sound commercial sense. By Hamish Brown

Research suggests that 60 per cent of business (and safety) results are attributable to an enterprise's culture, and 80 per cent of culture is attributable to leadership.* This is particularly disconcerting given New Zealand's workplace injury and death statistics (New Zealand employees are six times more likely to be killed at work than their UK counterparts) and twice as likely as workers in Australia. The good news is that given the expertise of New Zealand management, leadership, and company directors it would be fair to assume that when they do turn their skills and attention towards building effective health and safety cultures, then our appalling statistics will rapidly improve.

Likely new responsibilities may help to encourage senior leaders to take a more active and strategic look at health and safety, but I hope a new comprehension

What would be the response if a new CEO or board member said: "People, and their safety at work, really are the most important asset we have – they are more important than financial goals, and we are going to make their health and safety our number one priority?"

that an effective safety culture provides a powerful leadership tool to improve business productivity, quality, engagement, and financial performance will provide more of an incentive. Perhaps only now is the link between safety culture and business performance finally beginning to be recognised.

We've been measuring health and safety culture for more than five years and have analysed results from over 10,000 employees and managers. One frequent response we hear from senior managers when they receive their company's results is: "We had a gut feeling that these issues were present, but we've never been able to quantify them until now, so we could never identify where the risks existed, nor how to make the necessary improvements."

BUTT PROTECTION IS NOT SAFETY GEAR

Alarming numbers of employees and managers say that they think the most important piece of safety gear in their organisation is "butt protection". Yet everyone seems to agree that negative reactions to accidents, near- misses, and potential safety issues, block communication and crush learning. It is obvious no amount of safety training, equipment, or safety

policies will ever compensate for a workplace culture where employees worry about speaking up about their safety concerns, yet frequently employee perceptions are that to do so will incur penalties.

To improve safety outcomes, don't start by changing the people, systems, or processes you already have in place. Start by changing hearts and minds. Show how important health and safety is, not by forcing employees to comply with rules and regulations (though they're important), but instead, encourage managers and leaders to demonstrate they care.

What would be the response if a new CEO or board member said: "People, and their safety at work, really are the most important asset we have – they are more important than financial goals, and we are going to make their health and safety our number one priority?" So far, when we've asked the question, we've been greeted either with guffaws, or a deafening silence. Yet the experience offshore is that there are compelling reasons for establishing an effective safety culture other than saving lives and reducing injuries. New Zealand's Department of Labour cited evidence that an effective safety culture creates improved productivity, increased job satisfaction, and enhanced business reputation.

International research makes a persuasive argument for building an effective safety culture. As well as contributing to improved reputation and company marketability, they cite increased employee creativity and initiative along with gains in productivity, profitability and shareholder value. (Given those attributes, it might not be too much of a leap to link New Zealand's poor productivity with its poor health and safety statistics.) Certainly we can report a significant difference between employees who think they are regarded by management as just another 'human resource' used to

Possible new responsibilities for directors

· a new duty on directors and company officers to exercise proactive 'due diligence' to ensure that the business is meeting its health and safety obligations
· the definition of director widened to those people who participate in substantive decisions affecting the business – this is likely to include CEOs, and perhaps CFOs, and other relevant senior managers
· the definition of manslaughter extended to allow companies to be prosecuted where incidents of gross negligence are found
· tougher penalties imposed for breach – these include extending the maximum penalty from $500K to $3M.

*Professor Malcolm Higgs, Director of Southampton Management School

LEVEL 1

*Seen and felt by employees, supply chain and customers*

Obvious to the uninitiated. Obvious health and safety messages, safety equipment, notice boards and visible rewards.

LEVEL 2

Professed by leaders and senior management

Obvious to the uninitiated. Safety audits, processes, statements of intent (zero harm etc). Overt membership of interest groups. Strong compliance and reactive culture.

LEVEL 3

Unseen by most

Undisclosed, hidden and unconscious unspoken rules and behaviours. Everyday interactions between people, equipment and workplace environment. Shared set of attitudes and assumptions about health and safety.

LOW   *Impact on H&S outcomes and performance*   HIGH
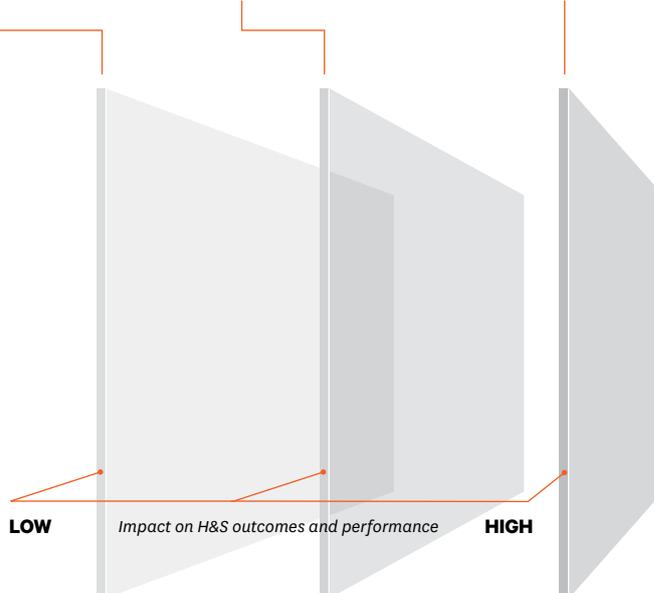
generate more dollars, compared with the attitudes of those who believe management has a genuine interest in their wellbeing.

HEALTH AND SAFETY STRATA

The difficult aspect about safety culture is that it exists at three levels.

Levels One and Two are easy to see, easy to measure with tick-the-box audits, and relatively easy to change.

It is Level Three that needs the understanding, leadership, and expertise senior executives and board members can bring to complex issues.

Measuring health and safety culture is an important first step in being able to manage and improve it. Assessment will quickly identify an enterprise's level of maturity across five broad categories of safety culture: Acceptance; Reactive; Compliance; Proactive or a Mature Culture. Once aspects of the health and safety culture have been identified it is then possible to develop improvement actions, and on-going monitoring plans which can be linked to KPIs and actual safety outcomes.

When thinking about improving the effectiveness of safety culture it is important to get the commitment of the senior team. Inevitably measurement will identify elements that will need their input and support because the risks to employees, and the business, are too serious to be delegated to most operational health and safety practitioners.

Once a safety culture benchmark has been established it can be compared to other similar enterprises, but more importantly to year-on-year internal comparisons. Then directors can ask more informed questions, and monitor progress of the journey towards an effective and mature culture, along with the actual health and safety outcomes being achieved.

There is no doubt that understanding and building an effective safety culture takes effort and resources, but that is nowhere as onerous as having a serious harm accident or death at work.

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WHY SAFETY CULTURE DOESN'T GET MEASURED

· **resource issues – other aspects of the business are seen as more important than safety**
· **a perception that there is no need, or 'she'll be right'**
· **fears about what might be discovered**
· **no desire to make a long term commitment to safety improvement**
· **lack of time**
· **safety seen as a low-level activity and 'un-sexy'**
· **a belief that nothing will improve**
· **different management styles, conflicts of ego, and self interest**
· **poor communication and misunderstandings**
· **a poor understanding of safety culture and its importance**
· **reluctance to embark on change**
· **inability to see links to business performance**
· **a belief that safety is the exclusion of danger, rather than a state of mind.**

QUESTIONS DIRECTORS SHOULD ASK ABOUT HEALTH AND SAFETY

Who is ultimately responsible, and accountable, for safety outcomes in your business? Do they know they are? How are they accountable?

Do senior leaders and managers consistently demonstrate that workplace health and safety is important? Do their employees think they do?

If something is identified to improve safety, can it be done instantly? Or does the budget process mean it waits until next year in the hope that no one gets hurt in the meantime?

Is safety top of the agenda or do profit, production, and process get the most attention? Is safety seen as a strategic priority? Is safety effectively represented by an executive?