

SIMPLICITY- THE CHALLENGE FOR OHS MANAGEMENT AND COMPETITIVENESS

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Work-related injuries and disease create an unnecessary burden on Australian society. The death or incapacitation of workers has a devastating effect on the lives of many Australians - the workers themselves, their families and friends, co-workers and employers. Experience shows that in almost every case the risks were foreseeable and preventable. Other experience is also showing that where companies demonstrate the foresight to identify, assess and control risks they are reaping rewards in terms of improvements in competitiveness, problem solving and innovation.

SIZE OF THE PROBLEM - EXTENT OF THE OPPORTUNITY

NOHSC's recently completed work-related traumatic fatalities study, based on a

comprehensive study of coroners' files from 1989-92, found that an average of 440 people were fatally injured at work each year. Plant and machine operators and drivers experienced the highest fatality rates at 5.5 times the average for the entire workforce.

The number of deaths from work related diseases is difficult to establish but has been estimated to be about 2,400 per year. These deaths relate to exposures from different periods, often many years prior to death. This estimate is based on the NOHSC sponsored 1996 study, *Best Estimate of the Magnitude of Occupational Exposure to Hazardous Substances* (Kerr et al 1996). Therefore, more people probably die each year as a result of their work than die from either non-work-related traffic accidents or suicide.

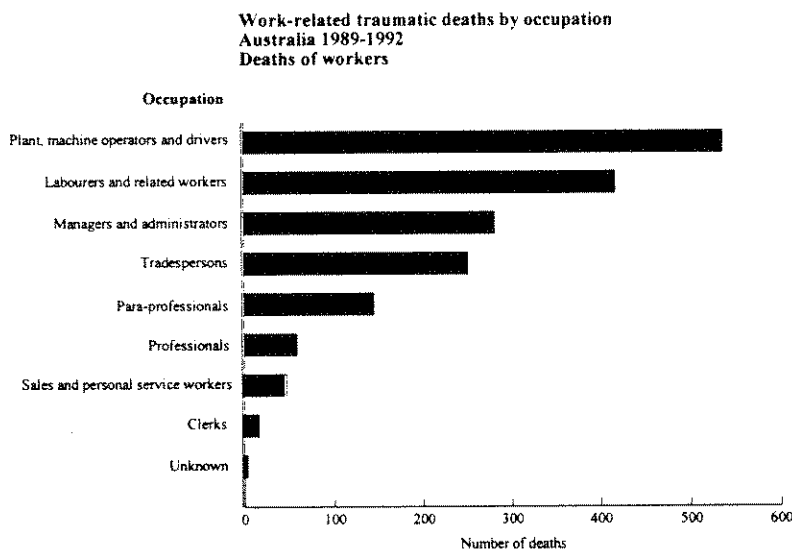


Figure 1. Work-related traumatic deaths by occupation in Australia 1989-92

The Compendium of Workers' Compensation Statistics for 1995-96 show that during that year alone there was a total of 141,551 workers' compensation cases reported which resulted in a fatality, permanent disability or a temporary disability resulting in an absence from work for 5 days or more - almost one

every minute! These figures exclude Victoria and the ACT due to different reporting requirements in those jurisdictions and so is an underestimate. Nevertheless, they resulted in approximately 1.6 million lost working weeks during that financial year, more than 40 times that lost due to industrial disputes in 1995.

For 1997-98, the Australian Bureau of Statistics estimated direct costs of workplace injury and disease in the form of compensation payments was \$5.4 billion. This element of direct costs represents a significant economic burden to Australian industry in itself.

When account is taken of uncompensated injury and disease and indirect costs such as loss of productivity, increased overtime, social welfare payments and medical costs, the cost to Australian society is truly massive- and these costs do not include the costs of pain, suffering and anguish. In 1997 NOHSC estimated that the total cost of work-related injury and disease to aft sections of the Australian community was at least \$27 billion each year - about six percent of GDP!

Around 30 per cent of the total cost has to be met by injured workers and their families. Employers bear about 40 per cent in workers compensation costs, lost productivity and extra overtime. The community funds around 30 per cent, mostly in social security benefits and health subsidies.

The extent of the opportunity for our nation is immense whether we consider the opportunity in economic or human terms. The human and economic opportunity is even more meaningful

for individual workplaces. It has been estimated that for every dollar spent dealing with a workplace accident, a business incurs indirect costs of at least \$10 and on a profit margin of four percent, has to achieve an extra \$250 in sales to recover the cost (SA Workcover Corporation, 1998).

Each injury is one injury too many - but can we really have health and safety and also be globally competitive?

BEING COMPETITIVE IN THE GLOBAL ECONOMY

Most of our health and safety, productivity and quality thinking has derived from an agricultural, mining or manufacturing culture. However, we are at the crossroads of a dramatic change in the distribution of world trade; we are entering an era in which the global trade in services are expected to surpass the combined trade in agricultural products, minerals and manufactures by about the turn of the century (IBIS, 1994).

We are clearly moving from the late industrial era to a new knowledge era. Whereas in the agricultural and industrial eras, land, labour and capital where the sources of competitive advantage, the knowledge era heralds a time when competitive advantage is derived from knowledge. Organisations that can develop and harness the collective intelligences of their employees will gain advantage over other organisations.

		Historical Eras			
		Late Agricultural	Early Industrial	Late Industrial	Early Knowledge
Source of Wealth		Land	Labour	Capital	Knowledge
Type of Organisation		Feudal	Proprietorships	Steep Hierarchies	Human Networking

Figure 2. Sources of Wealth and Types of Organisation Associated with the Historical Eras (Savage, 1990)

Research at the Australian Centre for Innovation and International Competitiveness at the University of Sydney has lead them to conclude that:

"The only basis of competitive advantage in the global economy is the ability to learn faster than others and to implement appropriate action based on that learning. " (Johnston 1993)

The Australian Manufacturing Council in their analysis of the sources of competitive advantage and growth in the global economy beyond the turn of the century emphasise the importance of innovation (Figure 2). They see innovation as taking over from cost (the 80's) and quality (the 90's) as we go into the next century.

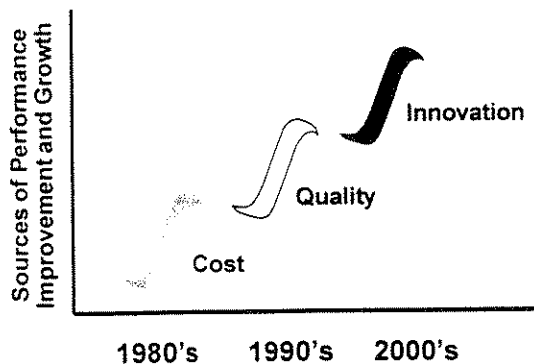


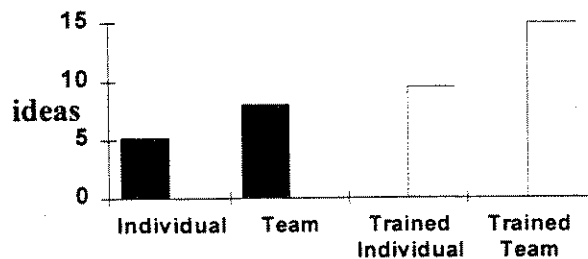
Figure 3. Sources of Competitive Advantage (Australian Manufacturing Council, 1994)

If an organisation wishes to remain globally competitive in the knowledge era it would be wise to invest in the development of its employees as learners and to find ways of stimulating and harnessing their abilities to solve problems and innovate in the workplace.

Could it be that for the Australian minerals industry to thrive rather than survive we must invest in having the fastest learning and most knowledgeable employees in the world? Could it be that to be in the bottom quartile of cost per tonne we must be in the upper quartile of thinking innovative problem solvers always searching for the simple solution that will work every time.

John Culvenor has shown the dramatic benefits to be gained by teaching individuals and teams to be able to problem solve using Edward de Bono's problem solving techniques- techniques that encourage thinking outside the square in a search for simple fundamental solutions. Providing people with one-day's training in thinking was shown to dramatically increase individual and team creativity measured in terms of the number of alternative solutions that could be generated in response to a range of health and safety problems.

Creativity



OHS - AN OPPORTUNITY FOR HIGH PERFORMANCE ORGANISATIONS

In recent years considerable progress has been made in establishing the right environment for improving occupational health and safety in our workplaces. Business, unions and government have all participated together in creating this environment. The common goal is to make all workplaces safe and healthy. This involves the systematic identification, assessment and control of occupational hazards that currently exist in the workplace and ensuring that best practices are implemented during the establishment of new workplaces or new activities.

Clearly the most cost-effective time to improve health and safety is during the planning, design and purchase stages of new business ventures, when extensive changes are being made to existing plant, processes and equipment, or when new people, including managers and engineers are employed or new contractors engaged. If we do not take the opportunity to 'turn off tap' our workplaces will continue to be filled with hazards which will have to be tackled retrospectively and expensively.

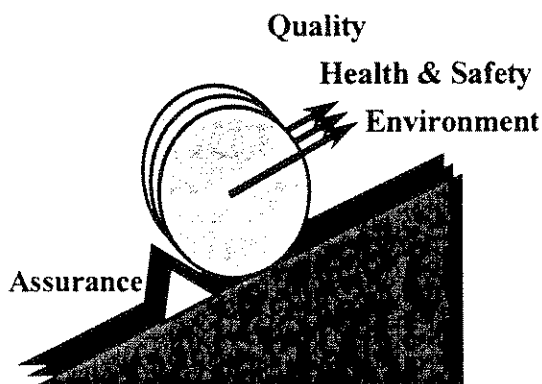
Consistent principles for tackling health and safety have evolved in Australia that are consistent with our culture. In a review of practices throughout Australia in 1991 (Else, 1992) 1 found considerable agreement throughout the states and between business and unions about the principles that should underpin our attempts to improve health and safety within Australia. These can be broadly summarised in Table 1.

Table 1 Consistent Principles for Tackling Occupational Health and Safety (Else, 1992)

Prevention	<ul style="list-style-type: none"> • Identification , assessment and control • Hierarchy of preferred control options
Consultation	<ul style="list-style-type: none"> • Consultation at the design, planning and purchase stages • Consultative problem solving for tackling existing hazards
Integration	<ul style="list-style-type: none"> • Integration of OHS into management systems • Questioning and auditing of robustness of systems

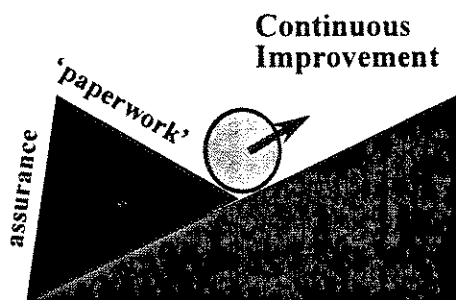
The prevention principles now underpin the approaches taken by most occupational health and safety regulatory authorities in Australia. The hierarchy places greater value on controls which rely on removing or controlling hazards at source rather than those which rely on behaviour modification of the people exposed to the hazards.

The prevention principles can be applied to all workplaces throughout Australia in a consistent manner whereas the principles for consultation obviously vary depending on the jurisdiction, the size of the organisation and the degree of unionisation. Whatever form the consultative process takes it is essential that meaningful and timely consultation takes place with the workforce and their representatives to release their wealth of experience and maximise the opportunities for prevention and improvements in productivity, quality and timeliness.



Similarly, management systems will vary with the type of organisation, its size and its stage of organisational development. However, it is commonly agreed that to make occupational health and safety happen in the workplace it is necessary to integrate the requirements for OHS into the fabric of the organisation's management systems and audit the robustness of the application of those systems in practice.

Consultative problem solving relies on a willingness on the part of the workforce to speak up and volunteer views about how the workplace, processes and systems can be improved. Australians are not noted for their reticence to criticise especially those above them in any hierarchy. This creative rebelliousness has been evident as far back as the Eureka uprising. David James (1993) in his analysis of the challenges facing Australian managers encourages us to understand, cherish and nurture the advantages that come from a culture of irreverence for authority. He also cites studies that demonstrate that Australians rank factors such as interesting work and achievement above pay, something quite different from what is found in the US workforce. He also cites a study showing that Australians value collective effort more highly than Americans and have a higher sense of community. These factors may help to explain why Australian industry seems to have adopted the principles of quality management so intensely even though it has sometimes recoiled against the 'hot gosselling' TQM labels and chosen to employ the principles without the hype. Significant attempts are being made by companies, industries, state and federal health and safety authorities and Standards Australia to integrate OHS into quality assurance and other management systems. But we must search for simplicity in these systems to ensure that the paperwork leaves time for people to continuously improve processes with an eye to the simultaneous improvement of productivity, OHS and environmental effects.



Mathews (1994) described his analysis of the experiences of a wide range of Australian public and private- sector organisations engaged in workplace reform for the purpose of lifting productivity, quality and competitiveness. Mathews (1997) after a decade of studying workplace reform in Australia concludes that the OHS community could be mounting a strong case that safety, productivity and quality are all delivered by the most innovative workplaces. He calls for Australia to set a national goal for a:

"creative and healthy workplace".

But would such creative and healthy workplaces be sustainable in the cut and thrust of global competition? Kotter and

Heskett (1992) detailed their extensive quantitative studies of the relationship between corporate culture and economic performance in more than 200 companies in the USA. They wanted to know what kind of corporate cultures enhance long-term economic performance. They concluded that organisations with performance enhancing cultures seem to be driven by a value system that stresses meeting the legitimate needs of all the key constituencies - not just shareholders or customers but also employees. They draw a telling comparison of companies that meet these criteria matched with those that do not possess these qualities. The comparison shown in Table 2 compares their economic performance over an eleven year period between 1977 and 1988.

Table 2. The economic benefits from performance enhancing cultures that meet the needs of employees as well as customers and shareholders (Kotter and Heskett, 1992).

Performance 1977-1988	Average for twelve firms with performance enhancing cultures	Average for twenty firms without performance enhancing cultures
Revenue Growth	682	166
Employment growth	282	36
Stock price growth	901	74
Net Income Growth	756	1

Companies that strove to meet the needs of shareholders, customers and employees showed consistently superior performance in revenue growth, employment growth, stock price growth and net income growth.

Health and safety is often the local and very visible litmus test' used by employees to judge management's commitment to their needs.

LEADERS HAVE TO GROW THE CULTURE

Kotter and Heskett (1992) emphasise the essential role that CEOs have to play in providing leadership if organisations are to remain globally competitive. Leadership and culture can be considered as two sides of the same coin. If we want to have organisational cultures that are innovative, competitive, healthy and safe then CEOs , by their actions have to provide leadership and grow the culture.

Peter Senge (1992) argues that the organisational structures and the roles of managers in the knowledge era will be very different from those we have known in the late

industrial era. Organisations will be even flatter; decision making will be spread throughout the organisation; information technology will be placing information rapidly before team members who will have to act autonomously. Managers will have to become the facilitators of learning and the coordinators of teams rather than responsible for directing and controlling. The manager's role will move to one of leadership and stewardship of the shared vision to enable all team members to respond to fast changing events in ways that advance the organisation. But ultimately it is the CEO that has custody and shapes the culture of the organisation. The CEO has the opportunity to harness the energies of the organisation around a creative and healthy vision and to present that essential vision with the simplicity that enables all employees to engage and perform.

CONCLUSION

In this paper I have attempted to explore three themes:

1. To be competitive in tomorrow's global economy organisations need to harness

the innovative intelligences of their employees.

2. Solving OHS problems provides an ideal opportunity to develop competitive high performance learning organisations that value simplicity.
3. Leaders have to grow the culture necessary to sustain globally competitive high performance healthy and safe learning organisations.

The evidence is that we need strong leadership in our organisations if we are to achieve the vision of having creative and healthy workplaces that are highly competitive in the global economy. Our success will be tested by the performance of our companies in the eyes of customers and shareholders and by the litmus test applied by our employees each day in our workplaces. – how healthy and safe are they in practice each and every day.

If we want Australians to enjoy innovative healthy and safe workplaces we will have to work together to transform OHS from being thought of as a problem into being recognised as a competitive edge for Australia.

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