

Why is it that Business Activities such as Finance and Human Resources are Considered Vital Parts of Running a Business, While Workplace Health and Safety Becomes a "Tack On"?

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The aim of this paper is to highlight how implementing occupational health and safety into management systems is profitable and therefore makes good business sense. The paper is divided into two parts. The first part illustrates how a proactive approach to occupational health and safety may be profitable to companies, not only by the reducing safety costs but also by providing a defence when faced with prosecution by the use of company examples. The second part of the paper supports the above statement by investigating occupational health and safety management systems in more depth by defining the term occupational health and safety management system and considering how they came into practice. The second part of the paper also explores the present advantages of implementing this management system and looks at motivating factors of organisations to incorporate the system into the everyday running of their business. The paper concludes that the implementation of an occupational health and safety management system may provide both bottom line and health and safety benefits. These benefits justify the validity of health and safety based systems, in light of other business activity systems, and their ability to add value to an organisation.

By making use of case studies, the first part of the paper illustrates how occupational health and safety cannot only saves establishments money but can also provides a defence in safety prosecution. Two contrasting case studies will be presented, providing an opportunity to compare the effects of implementing and omitting management systems from an organisations practice.

In 1997 a United Kingdom company, the *Royal Mail* implemented a safety management system (Greenstreet Berman Ltd 2004). They recorded the following benefits:

- ✔ 40 per cent reduction in days lost per employee through accidents and ill health;
- ✔ The reduction in days lost equated to approximately Aust \$ 1,600,000.00;
- ✔ 50 per cent reduction in the yearly number of civil claims against that organization;
- ✔ 40 per cent reduction in reportable injuries, more effective accident investigation;
- ✔ Monitoring of safety improvements as a result of investigations; and
- ✔ Better record keeping and better audit data enabling benchmarking and continuous improvements.

In order to highlight the importance of these benefits we will now contrast the performance of the Royal Mail workplace with that of an Australian company facing prosecution in regards to workplace health and safety performance. In 2002, Boyne Smelters Limited was prosecuted by the Division of Workplace Health & Safety under Section 28(1) for not “ensuring the workplace health & safety of each of the employer’s workers at work.” The court found Boyne Smelters not to have written procedures of inspecting machinery or work practices in place. While Boyne Smelters incurred loss because of the incident, the employee paid the ultimate cost as the accident resulted in a fatality. In addition to the personal and moral cost, the employer was fined a sum of \$40,000.00 and also faces the possibility of loss of reputation amongst other business relationships and the community as a whole.

The second part of this paper supports the above statement by investigating occupational health and safety management systems (OHSMS) in more depth by defining the term occupational health and safety management system and considering how they came into practice.

Gallagher (2000) defines an OHSMS as "... a combination of the planning and review, the management organisational arrangements, the consultative arrangements, and the specific program elements that work together in an integrated way to improve health and safety performance".

Likewise, Bottomley (1999) states that to make an OHSMS a system there needs to be "...deliberate linking and sequencing of processes to achieve specific objectives and to create a repeatable and identifiable way of managing Occupational Health and Safety (OHS) ...".

The Australian Standard/New Zealand Standard (AS/NZS) 4801 defines an occupational health and safety management system as "that part of the overall management system which includes organisational structure, planning activities, responsibilities, practices, procedures and resources for developing, implementing, achieving, reviewing and maintaining the OHS policy and so managing the risks associated with the business of the organisation."

The AS/NZS 4804 provides general guidance on how to set up and continually improve an OHSMS. In addition to this AS/NZS 4801 provides guidelines on creating an OHSMS that is appropriate, integrates other functions and systems of the organisation, improves the organisations overall performance and assists the organisation to meet its legal responsibilities.

Bohle and Quinlan (2003:296) suggest that the use of OHSMSs in Australia has been adopted by a number of influences since the 1980's. Larger companies were found to have adopted OHSMSs to meet complex legal requirements of international standards of quality, environment and safety systems. In addition, consultants promoted the implementation of OHSMSs to promote audit tools and to highlight best practise of OHS. Bottomley (1999) goes on to suggest the reasons behind the adoption of OHSMSs are also due to the influence of major safety disasters and increasing Governmental regulations.

The Piper Alpha incident in the eighties was a shocking example of what can result from an organisation lacking implemented and properly managed safe practise systems. This disaster helped push occupational health and safety systems into the public eye and as a result many companies are now aware and more likely to view safety management as importantly as other business management activities. Added to this awareness of OHSMSs Government has also aided the increase in implementation by making an OHSMS a pre-condition to achieve business tenders or becoming self-insured. This movement has been reinforced by the Government requiring tenderers for Government work to have accredited OHSMSs that meet the AS/NZS 4804:2001 general guidance and AS/NZS 4801: 2002 specification standards.

Unlike countries such as Norway and Sweden, Australia has not made OHSMSs mandatory. However, there is an increasing use of safety management systems by organisations possibly seduced by the tangible advantages of implementing this style of management system.

OHS agencies encourage the implementation of OHSMSs through formal accreditation processes (such as NSW's SafetyMAP) and also take them into account when deciding on prosecuting or penalising establishments (Bohle and Quinlan 2003:296). It is therefore important to consider the advantages of OHSMSs. The National Council of Safety Institute states that in an environment that is highly regulated, the cost of poor management of OHS can be significant for both the employer, in terms of workers compensation, fines and prosecution, and for the employee considering the devastating cost of injury including loss of income and personal life (NCS Services Website 2002). Likewise, WorkCover Victoria suggests benefits such as the verification of safety performance, due diligence and cost efficiencies where implementing an OHSMS (Victorian WorkCover Website 2006).

In contrast, investigating what motivates an establishments in safety practices, Entec's UK Ltd (1998) research advocates that adverse publicity resulting in loss of credibility, poor business relationships with other suppliers, avoidance of the costs of injury, adverse impacts on staff morale as well as productivity and the perceived duty to comply with health and safety obligations are attention-grabbing incentives for larger establishments to incorporate an OHSMS. In addition, Lamm (1999) research on small NSW establishments found that factors such as competition with larger establishments in the areas of cost cutting, the lack of resources and training, the cold reception to OHS authorities and the requirement of documented safe work practices to foster business relationships impact their use of implementing an OHS systems within the company's management plan.

What this paper is advocating is that regardless of the reasons for management utilising an OHSMS within an organizations overall management plan, this safety system will be beneficial not only by aiding the establishment of good business relationships but also by increasing safety work practices. Gallagher (1997) conducted a study on twenty Australian Companies using OHSMS's, his findings suggest that Australian companies using an OHSMS have a stronger management commitment to safety than companies that don't use a OHSMS.

Likewise, Winder, Gardner & Trethewy (2001) discuss two case studies occurring in 1999, one by the School of Safety Science, The University of New South Wales (UNSW) which did an audit on twelve construction sites and the other an audit conducted by the School of Safety Science, (UNSW) on a Sydney manufacturing facility. Both these case studies report that the use of an OHSMS increases the attention of occupational health and safety and thereby directly increasing safety practices compared to companies without an OHSMS in place. OHSMSs provide a platform whereby health and safety becomes a constant consideration in the running of an organisation.

In conclusion, the paper aimed to highlight how implementing occupational health and safety into management systems makes good business sense. Divided into two parts, by making use of case studies the first part illustrated how occupational health and safety documented practice can save establishments money and provide an ally when faced with prosecution. The second part of the paper defines the term OHSMS and how it has evolved. This part also explored the advantages of the management system and motivational factors impacting on the choice to implement such systems. This paper advocates that whatever the reasons for incorporating an occupational health and safety management system, should it be to avoid prosecution or increase an organisations ability to bid for government tenders, if implemented correctly it can provide both qualitative and quantitative benefits such as saving establishments money, acting as a legal defence in the unfortunate case of an incident and providing good customer and public relations with the flow on benefit of increased staff morale.

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