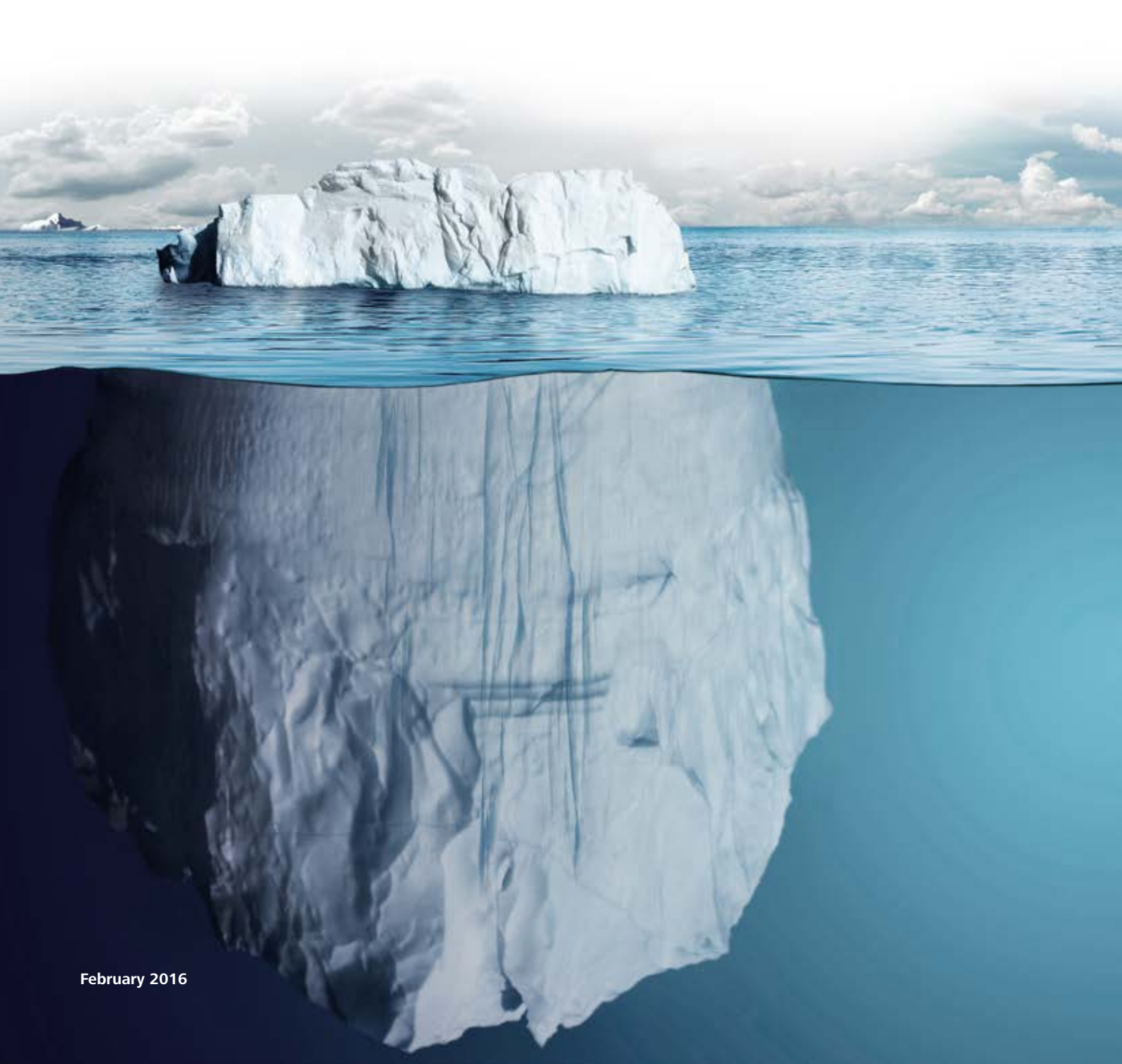# Deloitte.

Are we as safe as we want to be?
2016 Health & Safety Leadership Survey

February 2016

A snapshot of how health and safety is governed, managed and organised in New Zealand businesses
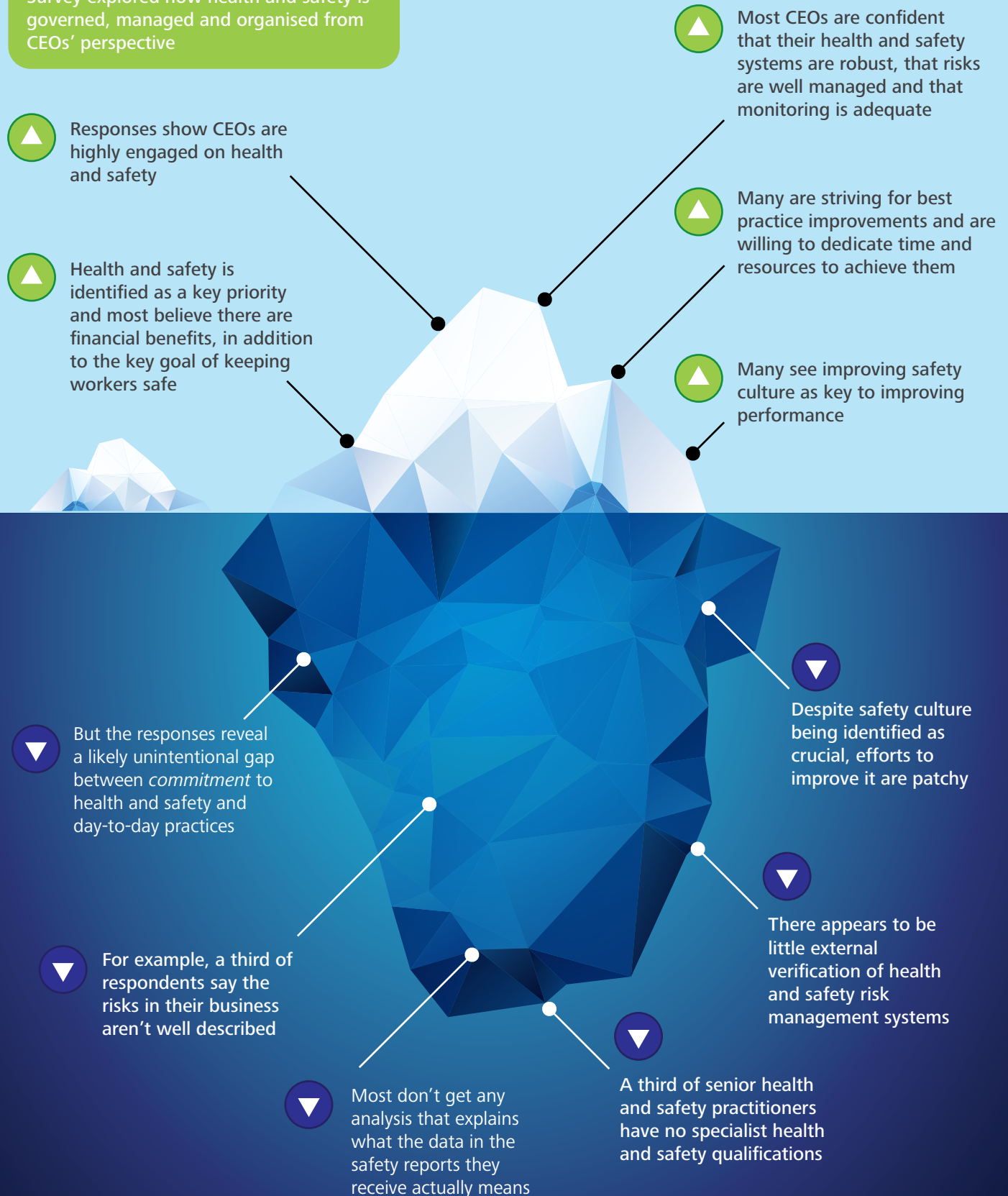
Contents

Are we as safe as we want to be?
Key findings

Findings based on a survey of 133 CEOs

Survey explored how health and safety is governed, managed and organised from CEOs' perspective

Responses show CEOs are highly engaged on health and safety

Health and safety is identified as a key priority and most believe there are financial benefits, in addition to the key goal of keeping workers safe

Most CEOs are confident that their health and safety systems are robust, that risks are well managed and that monitoring is adequate

Many are striving for best practice improvements and are willing to dedicate time and resources to achieve them

Many see improving safety culture as key to improving performance

But the responses reveal a likely unintentional gap between *commitment* to health and safety and day-to-day practices

For example, a third of respondents say the risks in their business aren't well described

Most don't get any analysis that explains what the data in the safety reports they receive actually means

A third of senior health and safety practitioners have no specialist health and safety qualifications

Despite safety culture being identified as crucial, efforts to improve it are patchy

There appears to be little external verification of health and safety risk management systems

Executive summary

Why Deloitte and the Business Leaders' Health & Safety Forum did this survey

New Zealand has undergone a huge transformation in workplace health and safety in the five years since the Pike River tragedy.

We have a new regulator, new legislation, and interest in workplace health and safety has increased considerably, particularly among chief executives and directors.

But, how have these changes played out in the way health and safety operates in our organisations?

That's the question this survey sought to answer – to provide a snapshot of how workplace health and safety is governed, managed and organised in New Zealand today.

The results provide CEO insights into the range of practices being used in our businesses.

They identify practices used by leading companies and enable organisations to compare themselves with their peers.

This is the first survey of its kind undertaken in New Zealand and we believe the findings will be a valuable resource for directors, chief executives, health and safety practitioners and others in the health and safety environment.

What the survey tells us

This report is encouraging in that it reflects a strong commitment to health and safety by the CEOs who took part in the survey.

Respondents view health and safety as a priority and there is a high level of confidence in systems to manage health and safety.

There is also a willingness to invest in good practice and achieve further improvements.

The report provides a snapshot of what some of this good practice looks like. This includes examples of actions boards and chief executives take and practices they are putting in place. See *How leading organisations manage health and safety*.

Lastly, the report provides insights into areas where boards and CEOs might want to focus their attention in order to improve performance.

In particular, it highlights that CEO confidence in the robustness of their health and safety systems might not always be supported by day-to-day practices within their organisations.

It suggests that some businesses might not actually be as safe as their leaders believe them to be.

In particular the report highlights that:

Board engagement with health and safety is high. Most CEOs believe their boards have the capability and knowledge to provide strong health and safety governance.

However, board discussion appears to focus on incidents and risk management. Less attention is paid to worker engagement – despite this being identified as a key driver of improved performance.

CEOs express a strong commitment to health and safety, and are willing to invest time and to keep their people safe.

But some are not using (and might not know about) the full range of practices that can help lift performance.

There is confidence that risks are well-managed.

But a significant minority might not fully understand their risks.

There is a considerable amount of reporting on health and safety and most CEOs say the information they get is appropriate and robust enough to provide a complete picture.

But when questioned, less than a third say they get useful analysis explaining what the data means and what its implications are.

There is little tracking of occupational health – despite this being identified by WorkSafe NZ as our biggest workplace killer.

Most CEOs are very confident about the health and safety capabilities of their people.

This is despite low levels of specialist qualifications among senior health and safety managers, and one in ten saying skilled practitioners are hard to find.

Culture and worker participation are seen as key to improving health and safety performance.

But they are not always getting the attention they warrant.

We would encourage chief executives, directors and health and safety practitioners to discuss these findings in their businesses, and to ask themselves the question: *Are we as safe as we want to be?*

How *leading* organisations manage health and safety

The survey analysis identified practices commonly used in leading organisations[1] – those that self-identified as having the most mature health and safety cultures.

While these in no way provide an exhaustive description of good practice, they do offer a handy reference for leaders to compare and contrast their own activities.

What *leading* boards do

- Explicitly identify health and safety as a key priority
- Believe health and safety helps improve the bottom-line
- Have the experience and knowledge needed to understand the information they receive about risks and how they are being managed
- Have open, honest discussions with management about health and safety
- Get information about health and safety management and performance at every full monthly board meeting
- Get explanatory analysis on what this information means, not just raw data
- Have all board members go on site visits and engage with the frontline to understand day-to-day operations

Notably, *leading* boards discuss more than just incident and injury data. They also talk about:

- Risks and systems in place to manage them
- Organisational culture regarding health and safety
- Resourcing to address health and safety issues
- The health and safety vision and strategy to achieve it
- Worker participation in health and safety

[1]Leading organisations is defined as those where health and safety is treated as a strategic priority, information is reported publicly and board decisions take into account the impact on health and safety. 15% of CEO respondents rated their boards as *leading*.

What *leading* CEOs do

- Clarify and communicate the vision
- Invest the necessary resources in health and safety
- Get personally involved in leading health and safety initiatives
- Initiate improved management of risk
- Empower their people to improve performance and hold themselves accountable for their performance
- Personally recognise health and safety contributions
- Closely monitor performance and make changes as a result
- Work to engage employees/contractors on health and safety
- Challenge and support improvements to processes and systems
- Integrate health and safety in business operations
- Identify the impact of business practices to health and safety
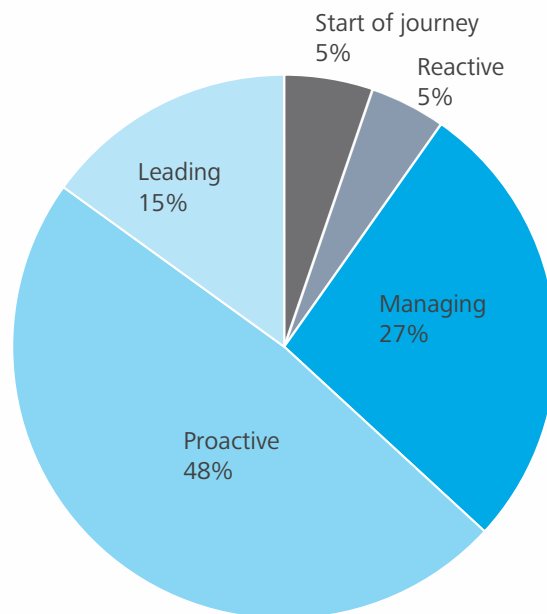
Safety governance – Board level

Most CEOs say their boards are very focused on health and safety and treat it as a strategic priority.

84% are confident their board has the experience and knowledge needed to understand the risks in the business and how they are managed.

The majority agree there is robust board scrutiny, and open, honest discussion between management and the board on health and safety.

Most boards get information about health and safety at every full board meeting.

Fig. 1 Board engagement on health and safety

Pie chart: Start of journey 5%, Reactive 5%, Managing 27%, Proactive 48%, Leading 15%

Health and Safety Maturity Scale

Start of journey – Starting to understand what health and safety involves; focused on incident management.

Reactive – Focused on addressing health and safety issues as they arise. Focus remains on incident rates.
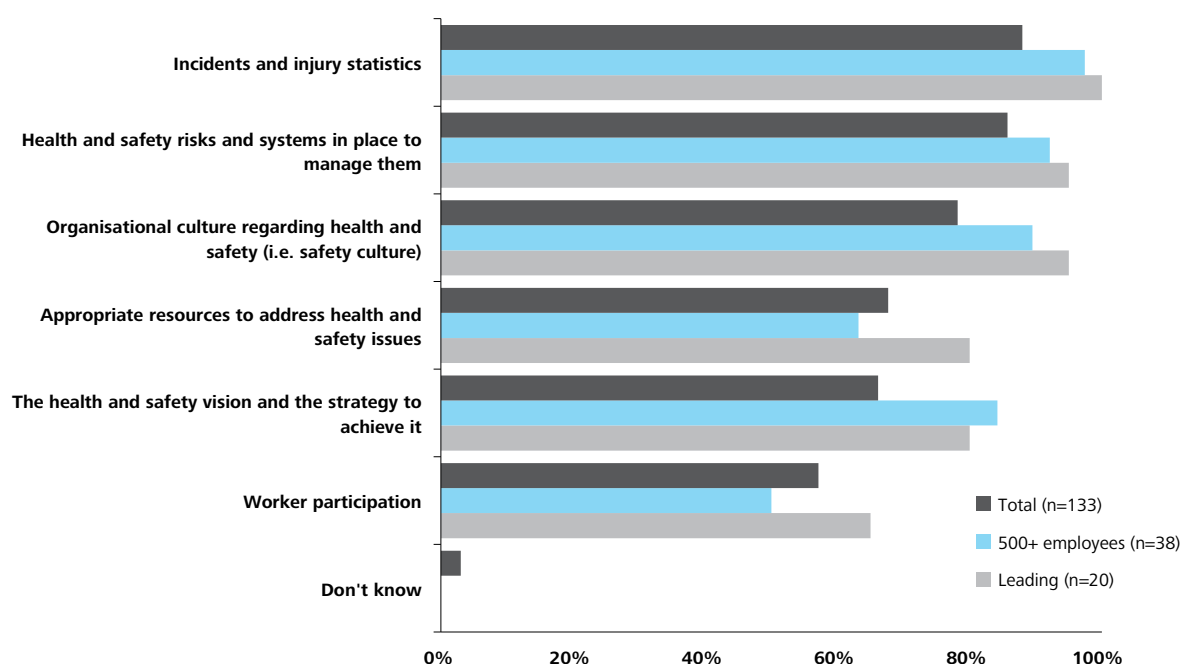
Managing – Focused on management of day to day health and safety.

Proactive – Active board discussion and support aimed at enhancing management of health and safety.

Leading – Health and safety treated as a strategic priority. Information reported publicly. Board decisions take into account the impact on health and safety.

Board discussion tends to focus on data, risk and systems. Boards are less likely to discuss worker participation, despite this being identified as key to improving performance.

Fig. 2 Topics discussed by boards

Three quarters of CEOs say some or all of their board members go on site visits.

When asked, only 59% say site visits include informal conversations with workers. That is despite safety conversations with workers being a valuable way to identify 'weak signals of failure' in a business.

Flushing out weak processes and signals of failure

Engaging in high-quality health and safety conversations with workers is critical in order to increase sensitivity to weak processes and signals of potential failure.

Work-as-imagined – is the formal description of how work is to be done – is what managers believe happens or should happen.

Work-as-done is how work is actually carried out on a daily basis, and often differs from work-as-imagined.

Work-as-done usually goes unnoticed, at least until an incident occurs.

Performance variation reflects a necessary attempt by workers to deal with the constant efficiency/thoroughness trade-off of everyday work. Adjustments are often made to compensate for less-than-ideal working conditions, like competing priorities.

Performance variability is both the reason everyday work is safe and effective, and the reason things sometimes go wrong.

The best way to understand work-as-done, and to pick up weak processes and signals of failure, is to talk with those who do the work.

Source: Business Leaders' Health and Safety Forum/Leading Safety. For information see: www.zeroharm.org.nz

CEOs need to think of health and safety as a key business process. Challenge their direct reports to enhance processes and systems and consider the health and safety impact of key decisions. **Deloitte**
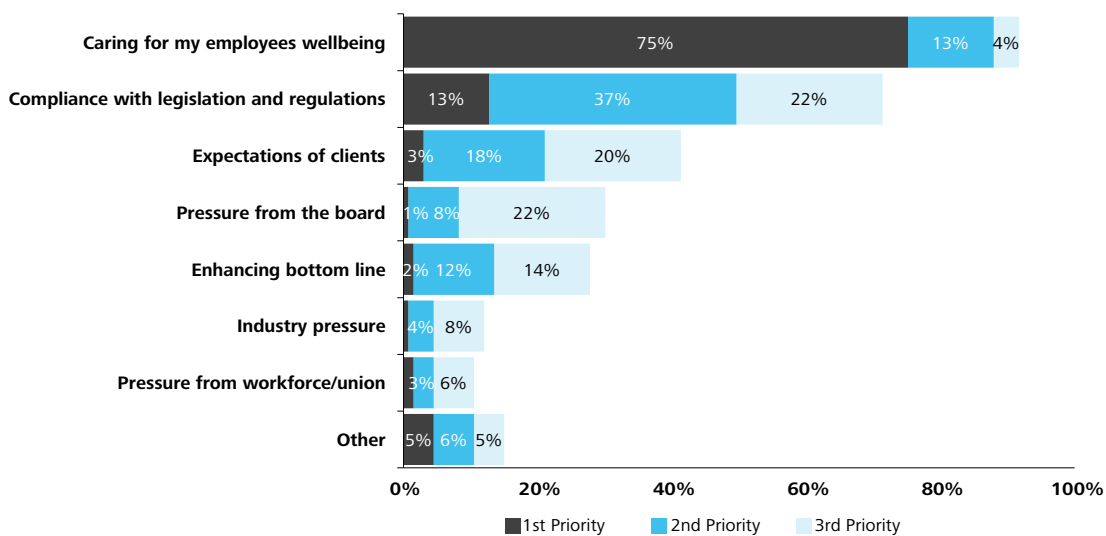
Safety leadership

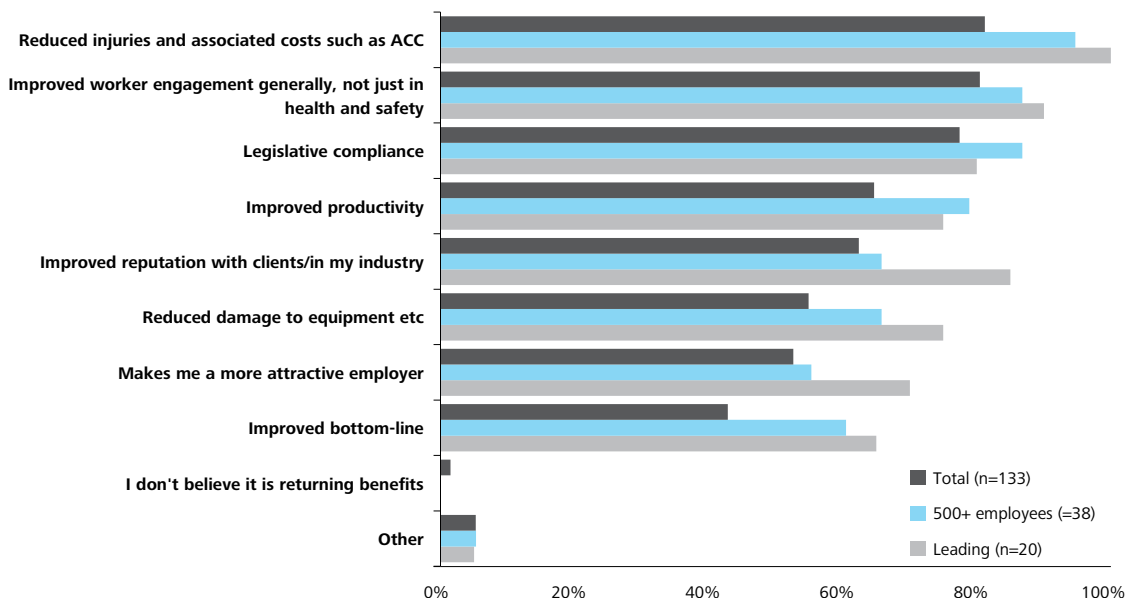**Nine out of ten CEOs identify health and safety as a key priority.**

The predominant motive given for wanting to improve health and safety is caring for employees' wellbeing. But compliance with the law is also a factor.

Fig. 3 Drivers for improving health and safety

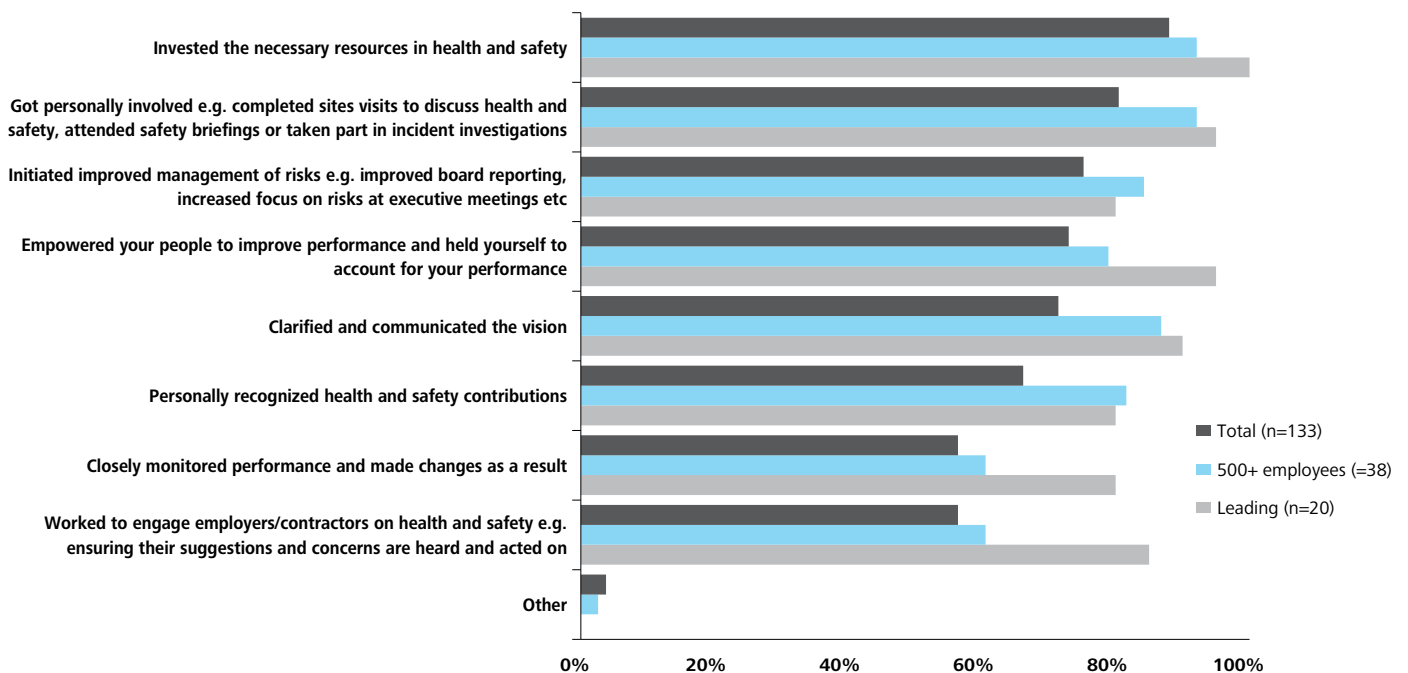| Driver	1st Priority	2nd Priority	3rd Priority
Caring for my employees wellbeing	75%	13%	4%
Compliance with legislation and regulations	13%	37%	22%
Expectations of clients	3%	18%	20%
Pressure from the board	1%	8%	22%
Enhancing bottom line	2%	12%	14%
Industry pressure		4%	8%
Pressure from workforce/union	3%	6%	
Other	5%	6%	5%

Many leading organisations believe good health and safety practices will also enhance financial performance, as well as the key benefit of reduced injury.

Fig. 4 Benefits of health and safety investment

Legend:
- Total (n=133)
- 500+ employees (=38)
- Leading (n=20)

Categories:
- Reduced injuries and associated costs such as ACC
- Improved worker engagement generally, not just in health and safety
- Legislative compliance
- Improved productivity
- Improved reputation with clients/in my industry
- Reduced damage to equipment etc
- Makes me a more attractive employer
- Improved bottom-line
- I don't believe it is returning benefits
- Other

CEOs undertake a range of safety leadership activities. But despite identifying worker participation as a key driver of improved performance, many don't get personally involved in engaging workers on health and safety.

Fig. 5 Safety leadership practices undertaken in the last year[2]

Nearly all leaders say some or all of their executive teams go on site visits. However, as noted earlier, only 59% say site visits include informal conversations with workers.

Safety leadership is something you can learn and become better at with practice. It's about what you say, do and measure. Deloitte
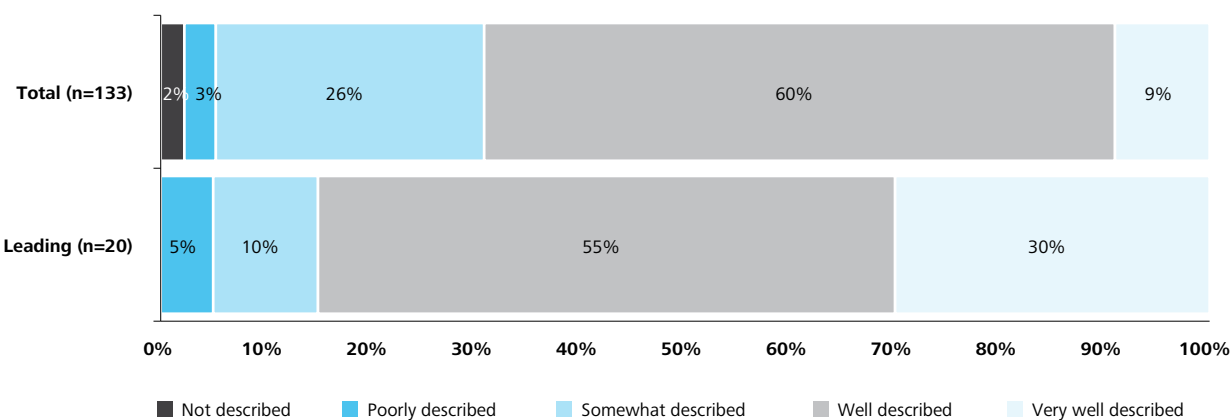
Risk and reporting

Although 83% of CEOs say the health and safety risks in their business are well managed, there are still 16% of respondents who appear to be less confident.

Only two-thirds say their risks are well described – suggesting nearly a third of businesses might not have a complete picture of their risks.

Fig. 6 How well described are your health and safety risks?

	Not described	Poorly described	Somewhat described	Well described	Very well described
Total (n=133)	2%	3%	26%	60%	9%
Leading (n=20)		5%	10%	55%	30%

There appears to be little external verification of health and safety risk management systems. 84% say their risk management systems are assessed by their internal lead person for health and safety.

A third have risk and assurance teams who undertake this task, rising to two-thirds for organisations with more than 500 employees.

Half say the risk management framework is part of the corporate risk management framework. Just under a third have a separate health and safety framework and one in five have no corporate risk framework.

Health and safety risk management should have the same focus as enterprise risk management. The risks should be reviewed at the top table and control measures challenged in the same way as other enterprise risks. To appropriately evaluate key business risks, the same risk framework should be used, one that includes health and safety. Deloitte

70% of CEOs get informed about the status of health and safety through executive reports.

A third get weekly reports and two-thirds get monthly reports. Only 6% get them when requested.

Two-thirds get an update from the general manager in charge of health and safety or the most senior health and safety person.
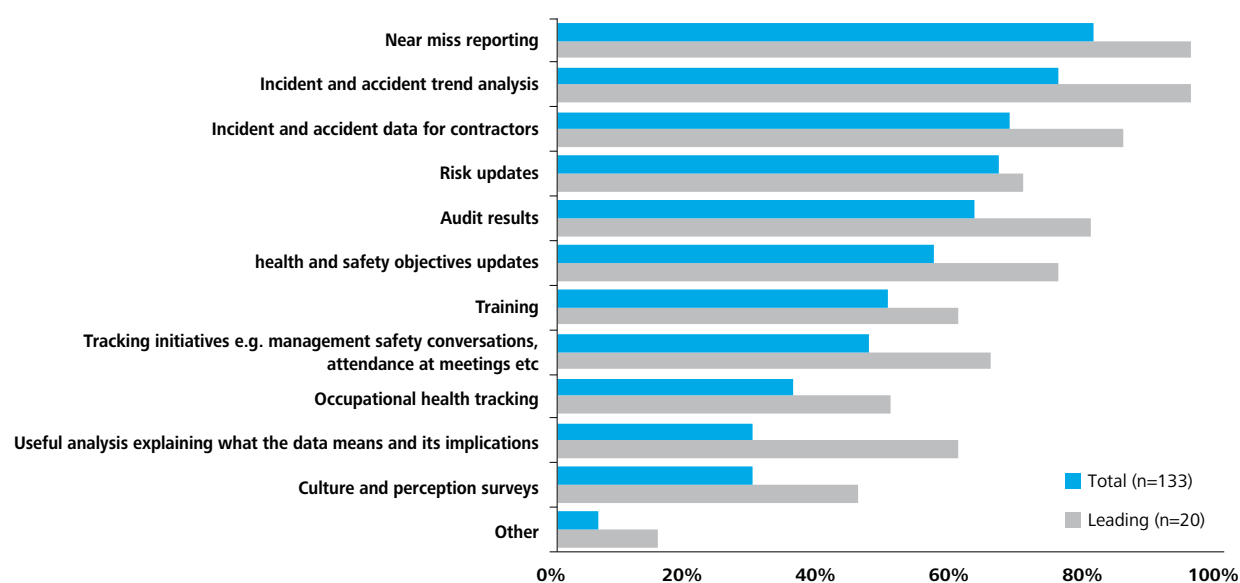
Just over half CEOs have the senior health and safety person report directly to them.

Those with leading boards receive more information, particularly explanatory analysis.

As boards and executives receive reports, it is important to ensure that the data received is meaningful and relevant for appropriate overview and decision making. Trends and analysis are key to decipher information. Use of analytics to identify underlying issues, and in particular to determine if there are other factors which are making an impact on health and safety (i.e. overtime, resourcing, quality issues.) Deloitte

Fig. 7 Health and safety information CEOs receive

Near miss reporting	
Incident and accident trend analysis	
Incident and accident data for contractors	
Risk updates	
Audit results	
health and safety objectives updates	
Training	
Tracking initiatives e.g. management safety conversations, attendance at meetings etc	
Occupational health tracking	
Useful analysis explaining what the data means and its implications	
Culture and perception surveys	
Other	

■ Total (n=133)
■ Leading (n=20)

The information CEOs get appears to focus on data about incidents and near misses.
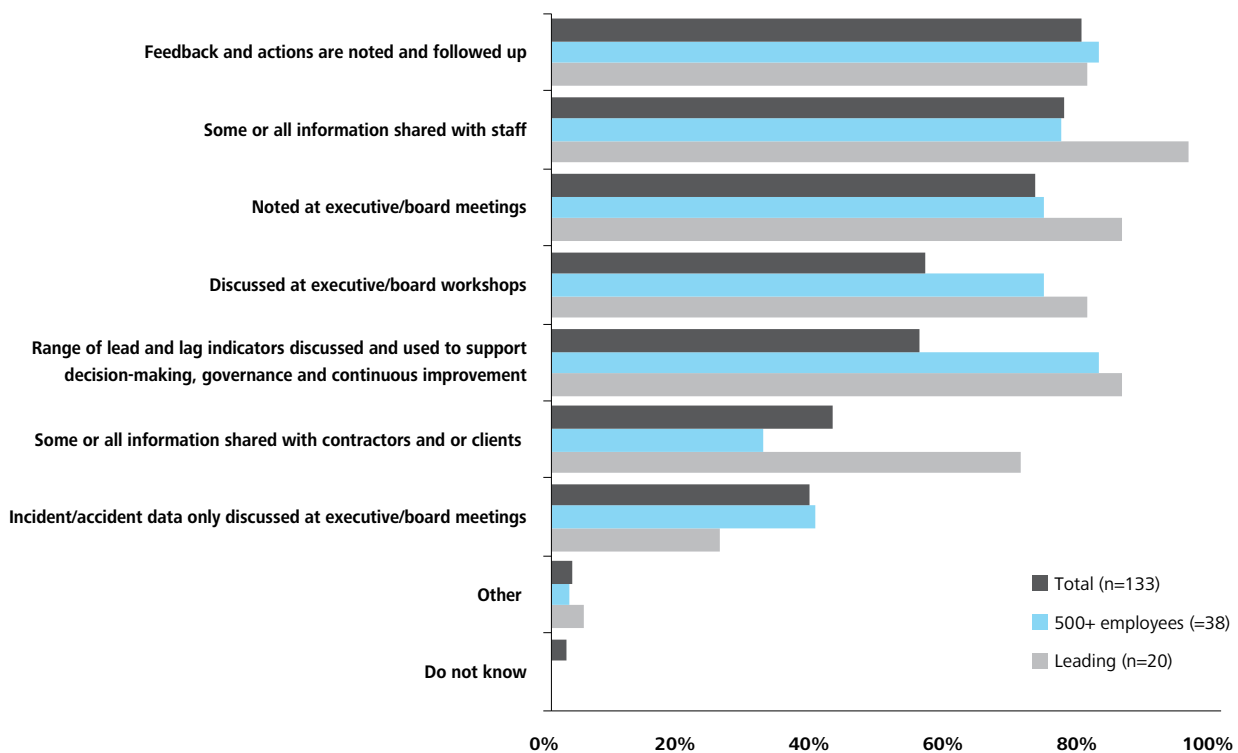
There is relatively little analysis of what the data means or focus on important risks like occupational health – despite this being identified by WorkSafe as the biggest killer in our workplaces.[3]

Those with *leading* boards are more likely to use the information they get to support governance and decision-making.

[3]WorkSafe estimates that 600-900 people die early from occupational diseases each year. This compares with an estimate of 40-60 deaths each year from accidents.

Fig. 8 How information is used

Categories (top to bottom):
- Feedback and actions are noted and followed up
- Some or all information shared with staff
- Noted at executive/board meetings
- Discussed at executive/board workshops
- Range of lead and lag indicators discussed and used to support decision-making, governance and continuous improvement
- Some or all information shared with contractors and or clients
- Incident/accident data only discussed at executive/board meetings
- Other
- Do not know

Legend:
- Total (n=133)
- 500+ employees (=38)
- Leading (n=20)

X-axis: 0% 20% 40% 60% 80% 100%

Just over half do some public reporting on health and safety, rising to three quarters for those with *leading* boards or in listed companies.

Improvements

The main areas CEOs say they want to improve on are:

- **Reporting and analysis of risks**
- **Improving the visibility of reporting and information sharing**
- **Having a system to make it easier to capture data**
- **Reporting items that matter, including near-miss reporting**
- **Industry benchmarks**
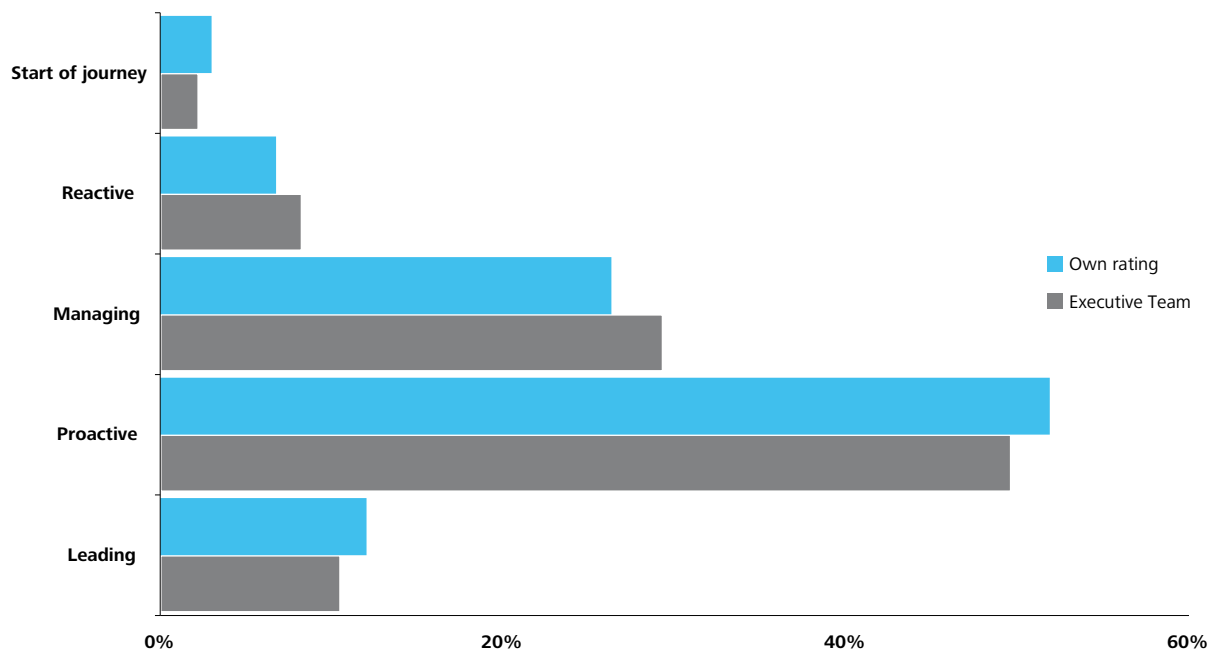- **Better trend analytics or interpretation**

Health and safety capability

Nine out of ten CEOs believe their managers and supervisors already have the skills needed to lead effectively on health and safety.

Aligning to the leading practices of CEOs and boards as outlined on page three will enhance capability and maturity. **Deloitte**

Two thirds of respondents rate their organisation's maturity around health and safety as proactive or *leading*. The remainder say they focus on day-to-day management of health and safety and do not take a particularly strategic approach.

Fig. 9 Rate your organisation's health and safety maturity – How do you think your executive team would rate your organisation's maturity?
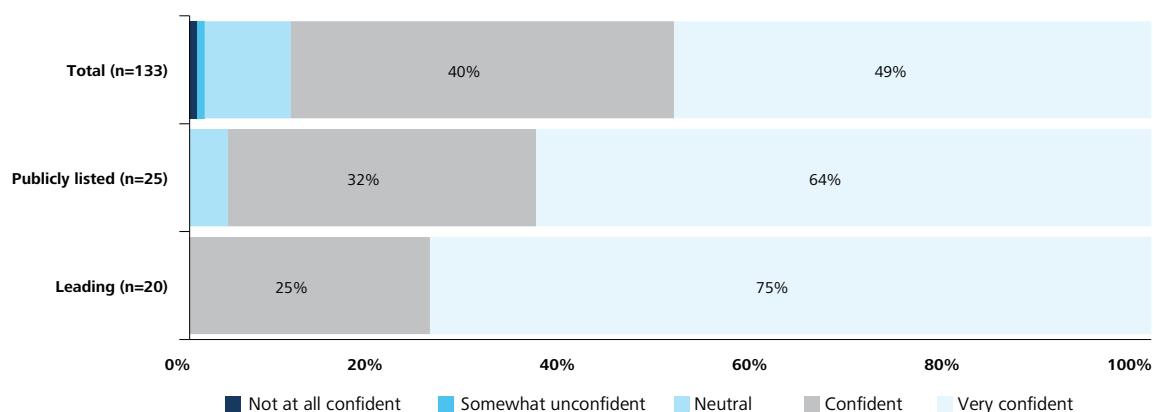

Health and Safety Maturity Scale

Start of journey – Starting to understand what health and safety involves; focused on incident management.
Reactive – Focused on addressing health and safety issues as they arise. Focus remains on incident rates.
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Proactive – Active board discussion and support aimed at enhancing management of health and safety.
Leading – Health and safety treated as a strategic priority. Information reported publicly. Board decisions take into account the impact on health and safety.

Half don't do any surveys to help them understand their organisation's maturity on health and safety practices and culture.
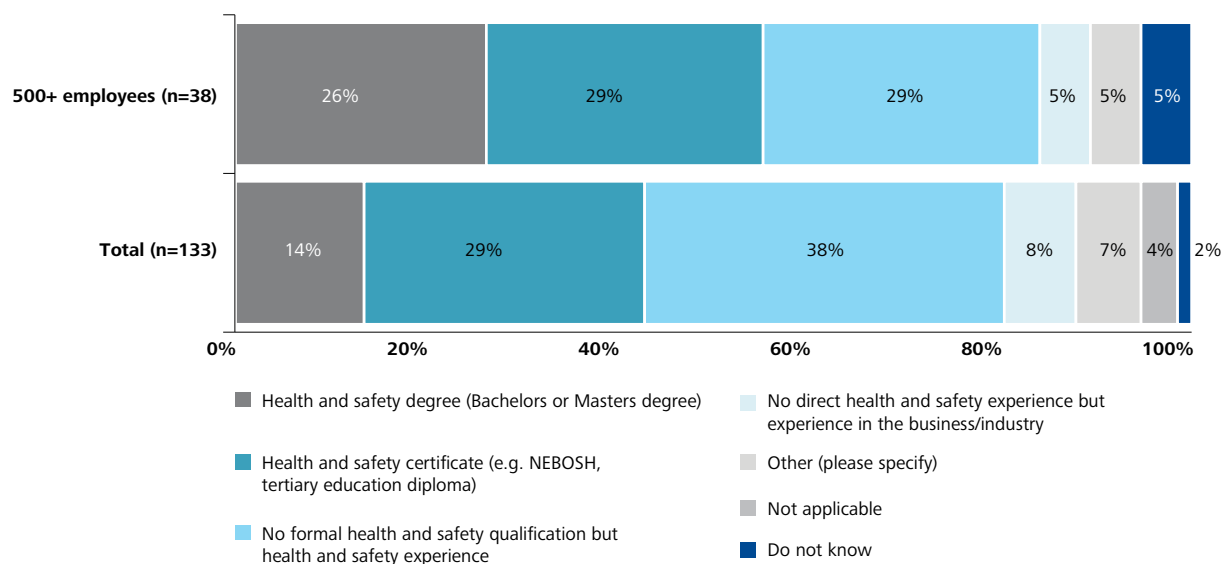
Confidence in senior health and safety personnel is high, particularly among those with *leading* boards.

Fig. 10 CEO's confidence in the skills of their H&S advisors

Total (n=133)	40% 49%
Publicly listed (n=25)	32% 64%
Leading (n=20)	25% 75%

Legend: ■ Not at all confident ■ Somewhat unconfident ■ Neutral ■ Confident ■ Very confident

This is despite low levels of specialist qualifications among senior health and safety personnel. Only 14% have a health and safety degree. Not surprisingly, bigger companies tend to have more qualified staff.

Fig. 11 Health and safety qualifications

500+ employees (n=38)	26% 29% 29% 5% 5% 5%
Total (n=133)	14% 29% 38% 8% 7% 4% 2%

Legend:
■ Health and safety degree (Bachelors or Masters degree)
■ Health and safety certificate (e.g. NEBOSH, tertiary education diploma)
■ No formal health and safety qualification but health and safety experience
□ No direct health and safety experience but experience in the business/industry
□ Other (please specify)
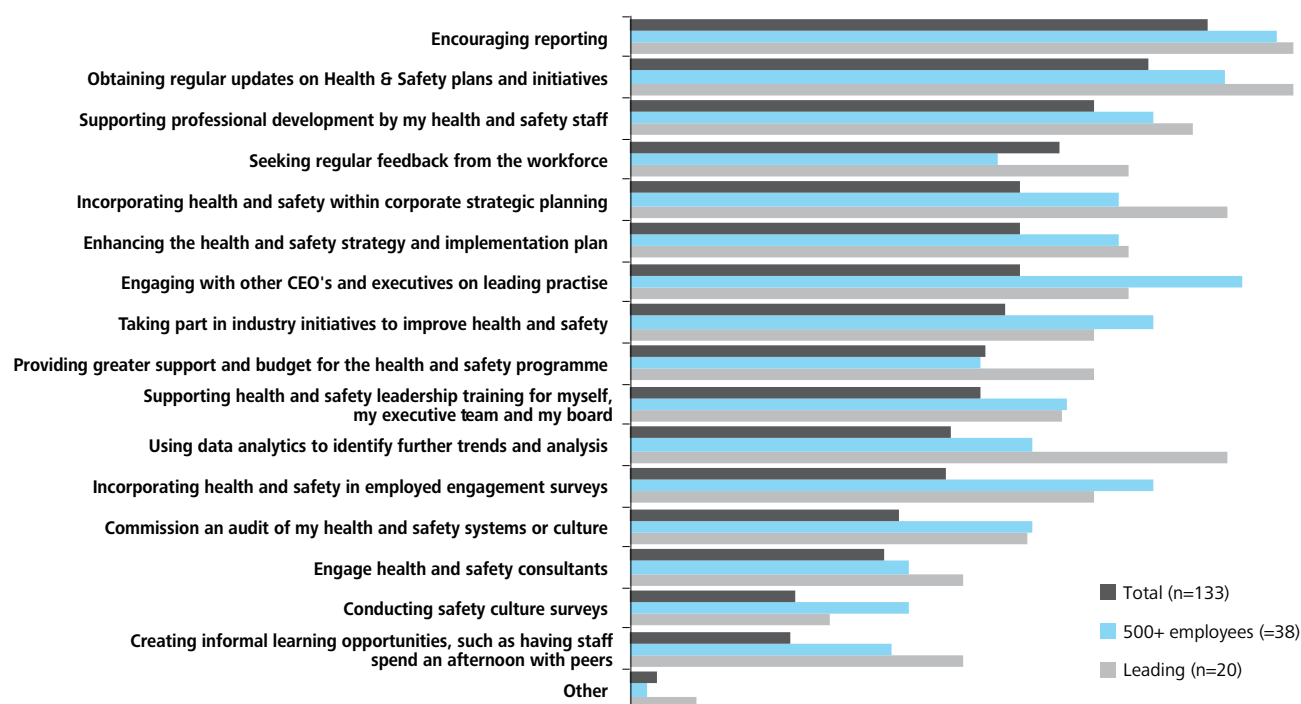■ Not applicable
■ Do not know

One in ten identified skilled health and safety practitioners as a key challenge to improving health and safety. However, there appears to be an appetite to upskill. When asked how they are striving for improvements, more than two-thirds pointed to professional development for their health and safety staff. Half identified training for themselves, their executives and board.

Significantly more leading firms (31% more) incorporate health and safety into corporate planning.

In addition, many more leading firms (29% more) use data analytics to identify further trends.

Fig. 12 How organisations are striving for continuous improvement

Key challenges

By far the most common challenge to improving health and safety identified by CEOs is staff culture and engaging workers on health and safety.

Other challenges are:

• The new legislation

• Having the resources (time and money) to put into health and safety

• Having leaders and managers lead health and safety, and be proactive

• Finding skilled health and safety professionals

Boards, CEOs and executive teams who have attended mock court[4] sessions received a greater understanding of due diligence in this interactive learning experience. Experiencing a 'what could happen scenario' has made a greater lasting impression than traditional training sessions and has resulted in re-focused views on due diligence. **Deloitte**

[4]Mock Courts are interactive training presentations for business leaders. They are simulations of H&S prosecutions based on real cases.

Culture and worker participation

55% of CEOs say the most important factor in improving performance is changing the culture around health and safety, changing behaviour, and getting all workers engaged and committed to this.

This rises to more than two-thirds for leading boards.

Culture is key to the success of any programme. Culture change is achieved through demonstrated behaviour and systems. Visible engagement, ownership and recognising how the culture of the organisation drives behaviour are elements for a successful safety culture. It is important to understand the impact of systems and processes to assist in changing the culture. It's about 'walking the talk' if the systems and processes are poor, this will impact culture outcomes. In assessing your culture, ask how the systems and processes are working to support the culture. **Deloitte**

Culture is the most common topic discussed at the executive table. Notably, organisations with leading boards have a far greater focus on process safety.

Key ingredients for a strong culture

The key ingredients for a strong culture include the following:

- **Board and CEO leaders clear vision, tone from the top and follow through in their actions**

- **Shared assumptions and values including co-creation of strategies and practices**

- **Consistent and effective communication about what's working and not, visible approach to health and safety**

- **Use of leading indicators in addition to lag indicators**

- **Incentives and clear sanctions**

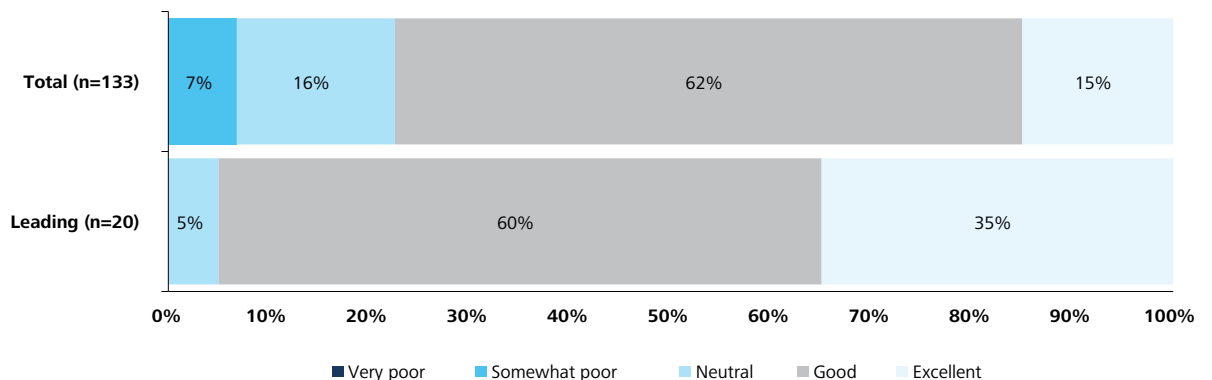## Fig. 13 Top health and safety issues at the executive table

Horizontal bar chart with the following categories (top to bottom):
- Culture - behaviour change / commitment / engagement
- Acts / Laws / Compliance / New legislation - readiness for / interpretation
- Specific hazard / risk / injury mentioned
- Education / training / development
- Reporting / feedback / follow up process
- Contractor management / safety / compliance
- Risk assessment / identification / management / mitigation
- Staff wellbeing / health / stress management
- Prevention / reducing harm / incidents / risks
- Near miss / incident reporting and follow up
- Hazard (risk) Identification / register / removal
- Leadership
- Systems - accountabilities / development
- Process safety
- Machine - safety / operation / risks

Legend: Total (n=133), Leading (n=20)

Axis: -10%, 10%, 30%, 50%

The vast majority of CEOs believe their health and safety culture is improving.

Four out of five respondents are confident their people understand the health and safety vision, goal and strategy of their organisation, rising to 95% for those with leading boards.

Despite recognition of the importance of culture and worker engagement, nearly a quarter rate the effectiveness of worker participation in their business as less than good.

Fig. 14 Effectiveness of worker participation

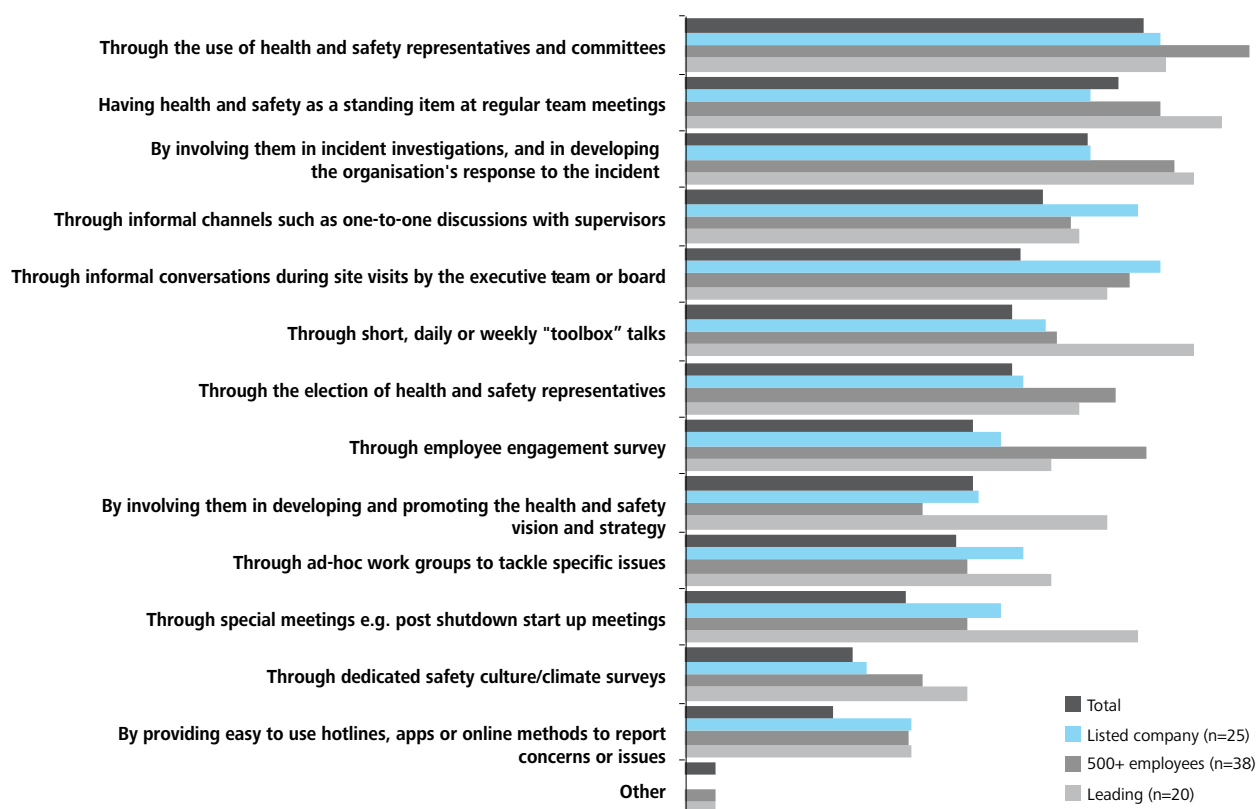|	Very poor	Somewhat poor	Neutral	Good	Excellent
Total (n=133)		7%	16%	62%	15%
Leading (n=20)			5%	60%	35%

Only 65% seek regular feedback from workers and only a quarter conduct safety culture surveys.

Traditional methods of engaging workers, through representatives and committees, are still the most commonly used.

But a significant number also use more innovative approaches.

Fig. 15 How workers are involved in health and safety

Through the use of health and safety representatives and committees

Having health and safety as a standing item at regular team meetings

By involving them in incident investigations, and in developing the organisation's response to the incident

Through informal channels such as one-to-one discussions with supervisors

Through informal conversations during site visits by the executive team or board

Through short, daily or weekly "toolbox" talks

Through the election of health and safety representatives

Through employee engagement survey

By involving them in developing and promoting the health and safety vision and strategy

Through ad-hoc work groups to tackle specific issues

Through special meetings e.g. post shutdown start up meetings

Through dedicated safety culture/climate surveys

By providing easy to use hotlines, apps or online methods to report concerns or issues

Other

Legend:
- Total
- Listed company (n=25)
- 500+ employees (n=38)
- Leading (n=20)

Improvements

Activities to change the culture and improve engagement are the most common health and safety initiatives underway. Other initiatives include:

• Education and training

• Identifying risks and hazards

• Improving reporting

Barriers to improving performance

Culture is by far the most commonly identified barrier to becoming a leader on health and safety. Other barriers include:

• Leadership by the board and managers (15%)

• Having the time and money to put into health and safety (15%)

• Contractors and other external factors (9%)

About this survey

- The survey was completed by 133 CEOs in the third quarter of 2015
- 81% of respondents run unlisted companies
- Nearly a third employ more than 500 people and operate throughout New Zealand
- 40% have revenue over $100million
- 18% belong to an overseas company and 31% have overseas operations
- A third have their parent company in Australia and 21% in the USA
- 83% have parent company requirements they must follow in New Zealand
- A third of respondents operate nationally

About us

Deloitte

Deloitte Risk Advisory practice assists directors, chief executives, management and risk and assurance managers to strengthen organisational performance by optimising governance, business and risk management practices and controls. Our Health and Safety team focuses on working with governance and the business to improve capability, performance and accountability through advice, change implementation support and peer or independent assessment that create sustainable, long-term improvements in safety performance.

Business Leaders' Health and Safety Forum

The Forum was set up in 2010 to motivate and support chief executives and managing directors to become more actively involved in improving health and safety in their workplaces and supply chains. The Forum has more than 240 members, most of them large companies or companies working in high risk sectors. See www.zeroharm.org.nz

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