

January 2021

# ERM Global Health and Safety Survey

Towards Building a Thriving Workforce

*The business of sustainability*



*“The study has put a spotlight on a new generation of business executives who see the direct link between H&S and business performance.”*



**Keryn James**  
ERM Group Chief Executive

I am very pleased to share the findings of ERM's second Global Health and Safety Survey with you. It builds on ERM's 2018 Global Safety Survey.

The 2020 study was an ambitious undertaking. We engaged 273 Function Leaders from companies employing over 12 million people across the globe with combined revenues of US\$6.6 trillion on a wide range of topical health and safety issues. Our aim was to develop deep actionable insight. We therefore focused on in-depth, structured conversations and a series of roundtable engagements which we believe has produced, and I hope you will agree, unique and highly relevant outcomes.

It is clear from the study that attitudes to health and safety have gone through a metamorphosis in the last two years. Changing societal expectations, rising focus on ESG, investor pressure and responses to the global pandemic have accelerated established trends and put the spotlight on a number of areas of growing concern. Rising intolerance of any adverse impacts on people and their wellbeing at work will have increasing impacts on business and on business leaders.

Health and safety performance statistics for most of the companies who participated in the study are improving on the back of growing investment (over 40% growth in investment on average over the period 2018-23), but persistent fatalities and a range of other issues, not least an emerging crisis of mental health in the workplace, present very real challenges.

The study has put a spotlight on a new generation of business executives who see the direct link between H&S and business performance. They recognize that protecting the health, safety and wellbeing of their people (their human and social capital and most valuable asset) is integral to them enjoying the extraordinary benefits of a thriving workforce. They are deploying progressive, evolved approaches to health and safety and increasingly they are harnessing a range of new technologies to de-risk their operations and to better equip their people to engage with the hazards on the frontline.

The intelligent application of these innovative approaches together with rich insights from the global pandemic offer much promise, but no guarantees of success. Addressing the many challenges of the health, safety and wellbeing of people at work identified by the participants in this study will require engaged, purposeful leadership from the top, enabled by an agile, informed and resourceful H&S function.

I would like to thank each of the senior health and safety Function Leaders (valued clients of ERM) for taking the time to share their valuable insights for this important research. I would also like to acknowledge the outstanding contribution of the 51 ERM Partners and Principal Consultants who brought their passion for health and safety at work and the full weight of their professionalism and subject matter expertise to this important work.

We hope the ERM Global Health and Safety Survey: *Towards Building a Thriving Workforce* will both inform and challenge your thinking.

# Table of Contents

|  |    |
|--|----|
| <b>Executive Overview</b> .....  | 4  |
| <b>Nine Key Themes</b>   |    |
| 1. Performance improvement failing to keep pace with rapidly changing expectations .....   | 8  |
| 2. Game-changing insights from the global pandemic .....                                   | 13 |
| 3. Evolved approaches deliver results: putting the ‘why’ back into health and safety ..... | 16 |
| 4. Changing role of H&S functions demands new capabilities: Bridging the gap .....         | 21 |
| 5. Success and pitfalls in harnessing data and technology .....                            | 26 |
| 6. Five key challenges call for advanced leadership development methods .....              | 31 |
| 7. The persistent challenge with contractor safety performance .....                       | 36 |
| 8. An escalating crisis on mental health in the workplace .....                            | 41 |
| 9. Increasing cost of H&S and changing investment priorities .....                         | 46 |
| <b>ERM’s Point of View</b> .....   | 50 |
| <b>A Template for Excellence in Health and Safety</b> .....                                | 53 |
| <b>Acknowledgments</b> .....   | 54 |
| <b>Further Information and Contacts</b> .....  | 55 |

# Executive Overview

## Introduction

This report sets out findings from engagements with 273 senior health and safety Function Leaders from corporations with combined revenues of US \$6.6 trillion<sup>1</sup>, and which collectively employ 12.2 million people<sup>2</sup>.

79% of the participants in the study had global responsibilities for H&S in their organizations with operations in 143 countries across a broad range of industry sectors. See charts.

The study was designed to provide deep insight on a range of topical themes on health and safety which we believe are of greatest interest (and concern) to organizations at this time<sup>3</sup>. The themes were selected by a team of 50 senior ERM partners and principal consultants who work in the H&S field. We revisited a number of the themes we addressed in the ERM 2018 Global Safety Survey to provide insights on evolution in the field<sup>4</sup>.

The structured interviews with the health and safety Function Leaders (hereafter referred to as Function Leaders) were conducted from July to October 2020 by a 19-person

multilingual team from ERM using a standard purpose-built protocol. Preliminary findings from the study were reviewed in a series of 33 roundtable engagements on best practice in addressing the challenges identified in the interviews. The roundtables were hosted by a team of 18 ERM subject matter experts and ran from September to October 2020. 123 health and safety Function Leaders each participated in one or more of these discussions. Insights from the roundtables have been integrated into the study findings.

ERM's data science team performed a comprehensive analysis of the survey results using R-based tools including data summaries and visuals, correlational analysis and statistically-based testing.

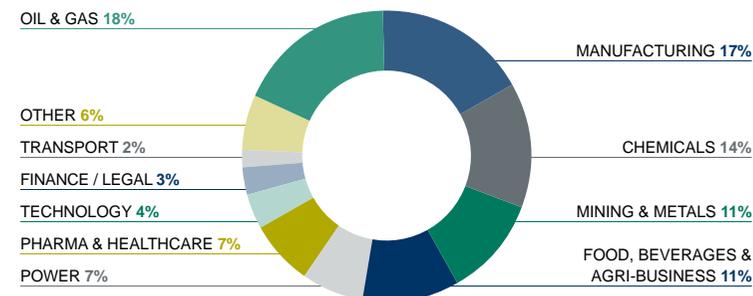
## Nine themes

We have set out our high level findings from our engagements with the Function Leaders under nine headings. Detailed findings for each of these themes are presented in the sections that follow. We have also shared our perspectives on the rich insights provided by participants in the section titled *ERM's Point of View*.

## Breakdown of interviewees by role / title



## Breakdown of interviewees by sector



## Notes

1. Equivalent to 7.5% of world GDP of US\$87.552 trillion in 2019. <https://www.imf.org/external/datamapper/NGDPD@WEQ/OEMDC/ADVEC/WEOWORLD>
2. Source: Company annual reports
3. The ten themes explored in the study are as follows: health and safety in the broader business context and changing stakeholder expectations ; health and safety investment priorities in a changing world; leadership engagement and

impact; shifts in risk tolerance; adapting health and safety functions to take better account of changing stakeholder needs; benefits and value derived from different guiding philosophies and established safety processes; challenges arising from the migration of risk into the contractor base; trends in investment in technology in health and safety and value derived from these investments vs expectations; extent of rising concerns about mental health at work and best practice in supporting those in need; learning from the COVID-19 pandemic at this time

4. [ERM 2018 Global Safety Survey](#)

## 1 Performance improvement failing to keep pace with rapidly changing expectations

92% of the Function Leaders believe expectations of all stakeholder groups on health and safety will ratchet up in the next three years, and especially in Asia and in Europe. Regulatory drivers, the growing importance of ESG, investor pressure, intense focus on health and safety during the global pandemic and increasing societal expectations are underpinning these changes.

Tolerance of risk has declined in most, though not all, organizations, over the past two years. 78% reported improving health and safety performance and only 8% reported declining performance. However, 60% reported fatalities since 2018, and 28% reported multiple fatalities in the past two years, a deterioration in performance on fatalities since 2018.

The participants anticipate increasing impacts on business and on business leaders from health and safety over the next three years.

[Click here for more information](#)

## 2 Game-changing insights from the global pandemic

The global pandemic has shed light on the changing nature and scale of challenges in health and safety and has provided insights on a number of blind-spots to the Function Leaders.

They shared seven valuable insights they have extracted from the global pandemic.

C-19 has provided the participants (and the world at large) with an understanding of the scale of impacts health and safety can have on business and how organizations can respond to these challenges. It gives us a measure of a field in rapid transition into a new phase (heightened concern and new challenges) and an appreciation of what 'good' looks like in terms of leadership, processes and their efficacy, the role of corporate offices and empowered leadership down the line, together with insights on how the function can deploy new ways of working in the post-Covid world.

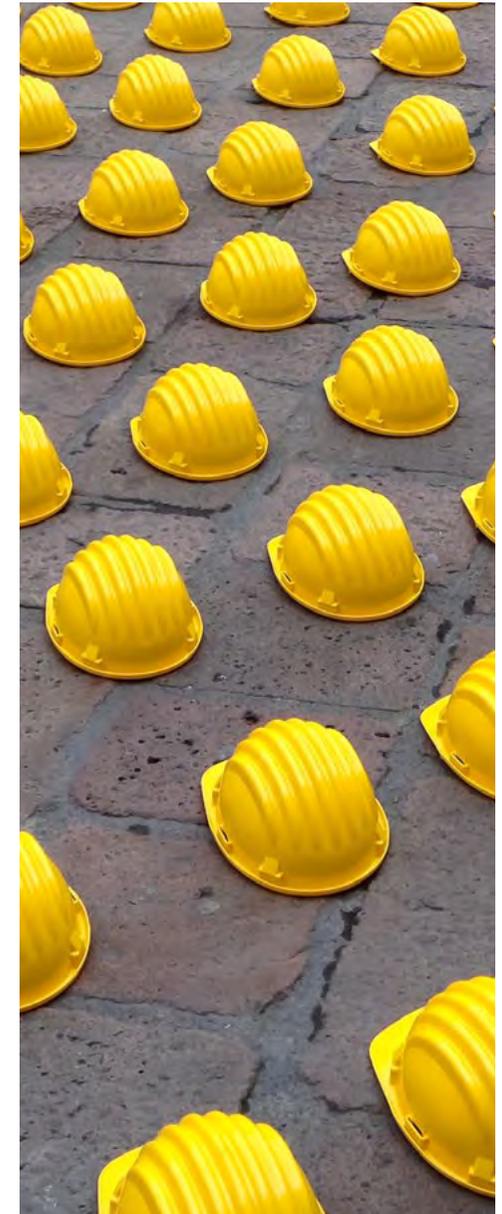
[Click here for more information](#)

## 3 Evolved approaches deliver results: Putting the 'why' back into health and safety

Companies are actively managing away from a singular focus on lagging indicators, part of a broader shift in approaches to health and safety that occurred over the past two years. The participants in the study identified nine different 'evolved approaches' that they have deployed, and which have delivered broad-based benefits. An increasing number are also engaged in overhauling their established H&S processes to bring a more people-centered approach to them.

The participants cited a surprisingly wide array of benefits from these initiatives. A number of key challenges with the execution of these approaches were also identified by the Function Leaders. Valuable perspectives shared by them will help guide organizations as they take on the enormous challenge of driving real cultural change to meet rising expectations in health and safety.

[Click here for more information](#)



## 4 Changing role of H&S functions demands new capabilities: Bridging the gap

Changing stakeholder expectations, the uptake of evolved approaches in health and safety, together with new challenges and opportunities arising from responses to the global pandemic are stretching H&S functions. However, few organizations have developed robust, integrated capability development models to properly equip their health and safety professionals to address these diverse and changing needs. Only 4% of respondents said their health and safety professionals are “fully equipped” to address the changing needs of their stakeholders in the new operating environment.

The Function Leaders are aligned on the need for robust technical capabilities (a fundamental) and the need to complement these capabilities with skills in communication, coaching, influencing, data analysis, root cause analysis and leadership. The participants provided deep insight on the challenges they face as they strive to equip their health and safety professionals to succeed in this new operating context.

[Click here for more information](#)

## 5 Success and pitfalls in harnessing data and technology

The application of data and technology in health and safety have become core elements in the toolbox of H&S functions and operational teams as they strive to improve their H&S performance and increase operational efficiency. Companies have significantly increased investment in these aspects and they are planning further increases over the next three years.

Digitalization of core health and safety processes and implementation of management information systems are the most frequent target for investment and will continue to be in future. The application of virtual and augmented reality technologies and learning management systems are being harnessed to enhance the efficacy of health and safety training. Remote observation tools, robotics and wearable devices and other solutions are being deployed to de-risk operations.

Over 90% of the participants felt their investments in data and technology met or exceeded their expectations, but failures in execution, when they occur, can be extremely costly. The Function Leaders shared seven key insights on avoiding these pitfalls to ensure investments in data and technology deliver on their promise.

[Click here for more information](#)

## 6 Five key challenges call for advanced leadership development methods

A new generation of senior executives who see a clear link between H&S, a thriving workforce and business performance are leading the way in transforming the extent and quality of engagement on health and safety in their organizations (cited by 19% of the participants).

Visible, purposeful leadership is paramount and we found Function Leaders identify it as the most powerful means of delivering improvement in health and safety performance. Senior leaders are engaging more on health and safety (89% agree), which positively correlates with increased risk aversion and higher levels of investment in H&S.

However, 80% identified deficiencies in leaders' ability to translate engagement on safety into impact on the culture, behaviors and performance. They identified five key challenges that call for advanced leadership development methods.

[Click here for more information](#)



## 7 The persistent challenge with contractor safety performance

The increasing use of contractors, an established trend for many years, will continue for the foreseeable future. However, the rate of increase in use of contractors is slowing and 13% of the participants are expecting to reduce their use of contractors in the next three years.

Contractors perform higher-risk activities, and the participants believe managing contractor safety is more challenging than managing safety for their own employees. All these factors imply a further concentration of risk in the contractor base and, potentially, increased likelihood of incidents. Risks are greatest with short term, transient contractors and in locations where safety-competent vendors are in short supply.

The Function Leaders identified five key areas of concern related to contractor safety. They also shared insights on actions they are planning to take to address these challenges. 67% of the participants are planning to improve their contractor H&S programs in the next three years.

[Click here for more information](#)

## 8 An escalating crisis on mental health in the workplace

Concerns about mental health in the workplace have been growing with a steady rise in cases over a number of years. Data from the UK indicates that over 50% of days away from work in 2019 were a result of work-related stress, depression or anxiety.

A number of different factors have underpinned the growth of these issues including employee burn-out, relentless organizational change and an 'always switched on' working culture. Issues with mental health have increased throughout the global pandemic and 90% of the participants reported increasing concerns about mental health in their companies. Features of 'the new normal' in the post-Covid-19 world will act as stressors for mental health. Mental health is, perhaps, becoming the number one threat to organizations enjoying the benefits of having a thriving workforce.

Most organizations have implemented programs to address mental health but there are concerns about their efficacy and how well leaders are equipped to recognize and respond to mental health issues in their teams. Only 4% of respondents said they were fully satisfied with the benefits they are deriving from their mental health programs. The participants provided useful insights into the challenges with their programs.

[Click here for more information](#)

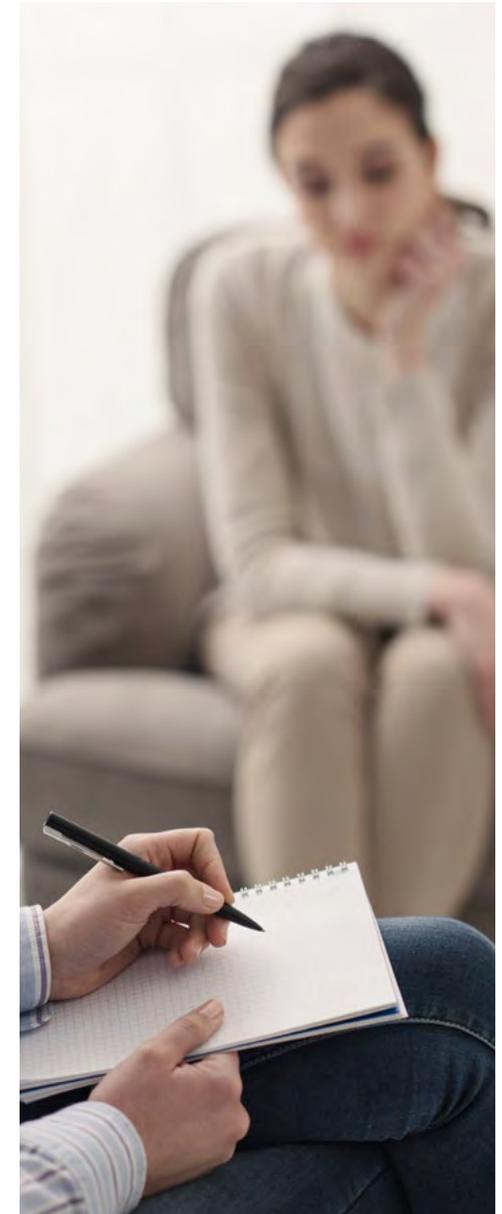
## 9 Increasing cost of H&S and changing investment priorities

Increased stakeholder expectations are driving increased investment in H&S. Investment in H&S is expected to rise by 17%, having grown 21% over the past two years.

The top three priorities for investment are technology, mental health and leadership culture. Other areas of growing concern such as fitness for work and occupational exposure to chemicals will also be targeted. Investment in contractor and fleet safety, identified as key areas of concern by the participants, do not feature on the list of top investment priorities.

There is a robust case for each of the investment priorities identified by the Function Leaders. The challenge for the function and for whole organizations lies in ensuring that each of these investments yield the full scale of the benefits they promise and that organizations and their people need.

[Click here for more information](#)



**Performance improvement failing to keep  
pace with rapidly changing expectations**

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# Performance improvement failing to keep pace with rapidly changing expectations

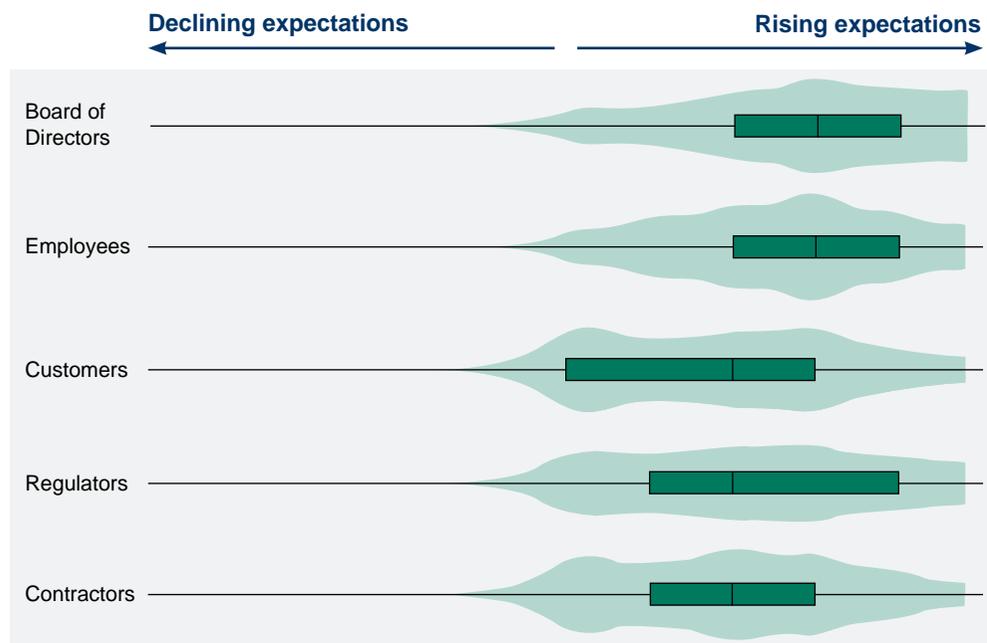
## A moving target

In 2018 we reported a near-unanimous view among Function Leaders that expectations on safety will increase over the next three years.<sup>1</sup> Their predictions have materialized and it is now apparent that expectations on health and on safety will continue to ratchet up for the foreseeable future.

The participants believe expectations of their Boards of Directors, employees, customers, regulators and contractors will all continue

to increase over the next three years (see below). In fact, the engagements with the participants suggest the rate of change in expectations is accelerating: *“The world is fast changing and expectations are changing quickly.”*

Changes in stakeholder expectations will be especially significant in the Asia-Pacific region (notably in China and India) and, perhaps, somewhat surprisingly, in Europe.<sup>2</sup>



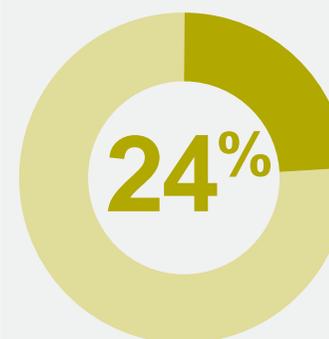
Participants' estimate of changes in stakeholder expectations for various stakeholder groups

## Shifting boundaries

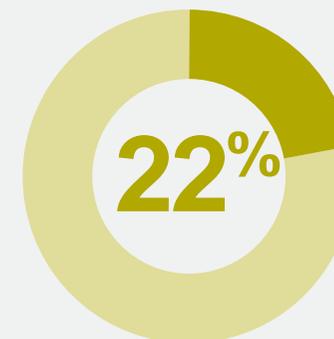
The boundaries defining organizational accountability for health and safety are also shifting, with organizations increasingly feeling compelled to ensure their employees are fit for work, typically addressing diet, quality of sleep and their mental health. All of this can imply engagement with employees on their behaviors in their off-hours and at home. Increased work-from-home, which is expected to endure beyond Covid-19, has pushed these boundaries even further.

## Factors driving change

A wide range of factors are underpinning changes in expectations on H&S.



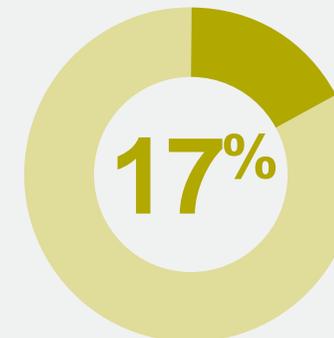
cited growing importance of ESG and investor pressure



cited changing societal expectations



cited changes in regulations and regulator behaviors



cited Covid-19 with increased understanding of the extent to which health and safety can give rise to business disruption

# Performance improvement failing to keep pace with rapidly changing expectations



## Improving lagging indicators but persistent fatalities a major concern

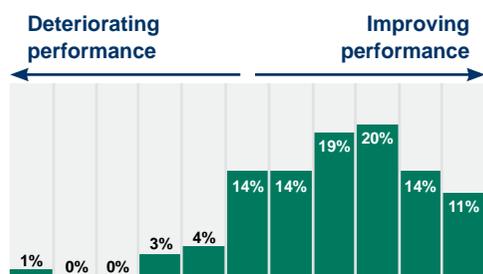


Figure 1.1: Participants' estimate of trends in their lagging H&S performance metrics

78% of the Function Leaders reported that their lagging indicators (TRIR, LTI, near-misses) are trending positively (less incidents). Only 8% said they were trending negatively (See Figure 1.1). They attributed improvements to two key factors: increased involvement of leaders, and their organizations' adoption of evolved approaches in their health and safety programs.

27% of the participants reported one or more fatalities in 2020 by the time of their interviews.<sup>3</sup> 60% reported one or more fatalities in the period from 2018 to the date of their interview, with just over half of these (51%) reporting multiple fatalities over this period.

This data indicates a deterioration in performance on fatalities relative to our findings in the ERM 2018 Safety Survey<sup>1</sup> and is consistent with data on fatalities in the US, the UK and elsewhere. Statistics from the US Bureau of Labor and the Health and Safety Executive in the UK indicate the number of fatal injuries per 100,000 workers has, at best, flat-lined for a decade or more.<sup>4,5</sup> Addressing the persistence of fatal accidents at work across most industry sectors remains a crucial challenge for organizations. See Figure 1.3.

The participants' estimates of senior leadership satisfaction with their health and safety culture and performance varied. Only 4% indicated their senior leaders were 'very satisfied' with their culture and performance, likely a reflection of the persistence of serious injuries and fatalities among many of the organizations that participated in the study. See Figure 1.2.

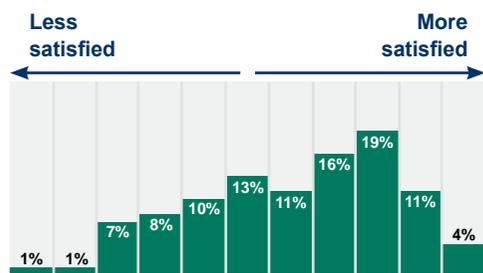


Figure 1.2: Participants' estimate of senior leadership satisfaction with their H&S culture and performance

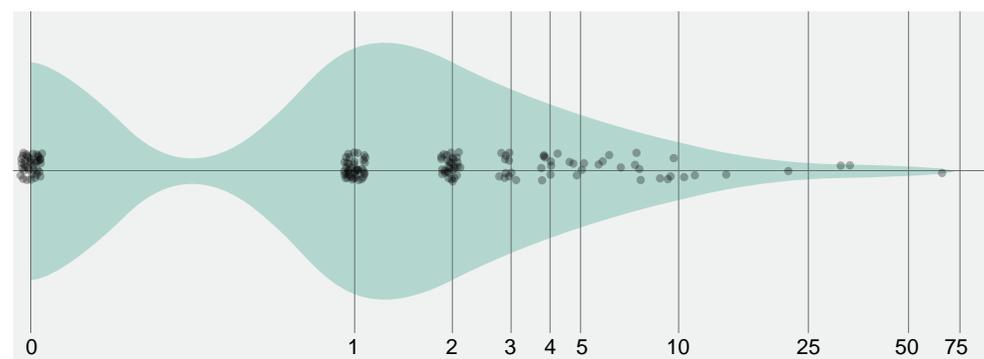


Figure 1.3: Plot of participants in the study by number of fatalities arising for their companies in the 2 years prior to their interviews (log scale)

## Increasing risk aversion

We found that the participants' estimates of changes in stakeholder expectations positively correlated with changes in risk aversion.<sup>6</sup> So, as stakeholder expectations rise, organizations become increasingly risk adverse.

Two thirds of the participants in the study reported an increase in risk aversion for their companies over the prior two years (See Figure 1.4). 48% of these attributed the shift in risk tolerance to the adoption of structured approaches to risk identification (better understanding of the risks), and 41% cited the occurrence of serious incidents and Covid-19 as factors leading to increased risk aversion. 32% cited pressure from external stakeholder groups and their Boards of Directors as influencing factors.

93% of those reporting a shift in risk tolerance expect this to be enduring.

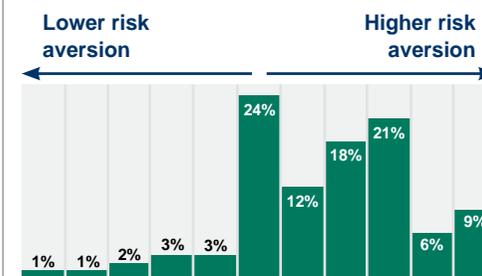


Figure 1.4: Participants' estimate of changes in risk tolerance

# Performance improvement failing to keep pace with rapidly changing expectations



## Impacts on business and business leaders

Changing expectations imply greater penalties and business impairment for organizations that fail to adjust to the shifts in the operating context. 92% of the Function Leaders expect that their health and safety performance will have increasing impact on overall business performance in the future. The profile of the responses in Figure 1.5 – densely populated to the right hand side of the scale – ‘greatly increasing impact on business performance’ is quite remarkable. Only one (out of 273) of the Function Leaders said they expect impacts on business to decline.

61% of the participants believe penalties for poor safety performance (for business and business leaders) will increase over

the next three years, with 34% expecting no change (See Figure 1.6). A growing number of countries have enacted legislation in response to growing intolerance of any adverse impacts on health and wellbeing at work, including provisions on the statute book for corporate manslaughter.<sup>7</sup>

Of course, impacts on business from health and safety can be positive too! The benefits of improved H&S performance and the application of evolved approaches cited by the interviewees are many and varied, extending beyond reduced harm to people and include improved morale, enhanced quality of engagement by leaders with their people, and much more.

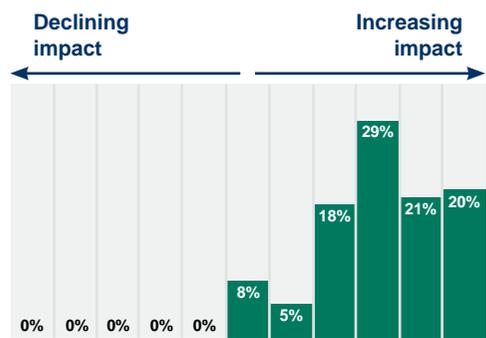


Figure 1.5: Participants' estimates of changing impacts on business from health and safety in the next three years

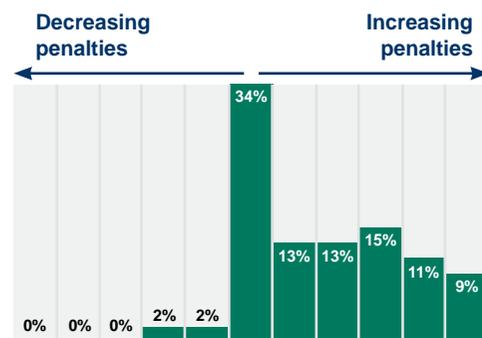


Figure 1.6: Participants' estimate of changing penalties resulting from poor health and safety performance in the next three years

## In their own words

*"We see the impact from external organizations related to ESG. We get more inquiries... We also need to recognize that safety is much more embedded in our organization than previously and therefore is more closely linked to wider business performance than ever before."*

*"Shareholder pressure and focus on ESG is directly impacting our focus on health and safety. We cannot afford to get this wrong, especially with ESG performance so clearly linked to shareholder value."*

*"Health and safety is the next battlefield for market share."*

*"Health and safety is having an increasing impact – driven by society's decreasing tolerance for incidents. Challenging, however, as good performance does not increase sales. It's more the case that bad incidents erode value."*

*"Safety really is the top priority of the organization, particularly at board level with lots of additional focus from non-executive directors."*

*"There is progressively less tolerance of health and safety failures. Employees are increasingly conscious and demanding of working in safe environments. There is also a factor due to increased care of the reputational capital and how health and safety performance might affect it, and progressively less social tolerance to unsafe working conditions."*

*"Lagging metrics are no longer an incentive for management, which has resulted in improved transparency and the identification of continual improvement opportunities."*

*"These indicators no longer represent our safety performance and we need to change our KPIs."*

# Performance improvement failing to keep pace with rapidly changing expectations



## Points to consider

Health and safety expectations of all key stakeholder groups are rising, and impacts on business will increase over the next three years. In a context where any adverse impact on human health and wellbeing is becoming increasingly unacceptable, how will organizations:

1. Ensure they are better informed of how and where (and how quickly) expectations are changing?
2. Ensure they have the agility to adapt to changing expectations?
3. Ensure they are providing adequate investment, directed at the right priorities, given the pace of change in expectations?
4. Ensure that cultural and behavioral change and performance improvement are keeping pace with changes in the operating environment?
5. Ensure leaders understand not just the risks but also the value creation opportunities from the rising focus on health and safety as a key element of ESG?

## ERM's point of view

While the perspectives of different age groups and people in various parts of the world may vary, the overall trend is clear. Tolerance of adverse impact on human health, safety and wellbeing is dropping everywhere and quite rapidly: a multi-decade trend that has accelerated over the past few years with rising focus on ESG and other factors. The curve has steepened through the global pandemic and the Function Leaders are near unanimous in their view that this trend will continue for the foreseeable future.

It is a new paradigm. Organizations will need to consider a wider range of impacts on the health, safety and wellbeing of their people in a world that increasingly looks at the 'whole person'. The threshold in terms of what is an acceptable level of adverse impact is falling. The impacts on business will be significant and will be multifaceted. The Function Leaders are of one mind on this.

Understanding the change is one thing, responding appropriately is another. The palpable shift in attitudes to health and to safety is a source of risk to organizations, but it presents very real opportunities too.

## Notes

1. [ERM 2018 Global Safety Survey](#)
2. We asked the interviewees if stakeholder expectations will be more pronounced in some parts of the world vs others over the next 3 years. 47% identified changes in expectations being more pronounced in the Asia-Pacific region, notably 16% identified changing expectations in China and 12% in India, 42% in Europe, 24% in North America, 19% in LAC and 4% in the Middle East and Africa. 19% identified emerging markets.
3. The interviews ran from July to October 2020
4. <https://www.hse.gov.uk/statistics/pdf/fatalinjuries.pdf>
5. <https://www.bls.gov/opub/btn/volume-9/nearly-50-years-of-occupational-safety-and-health-data.htm>
6. Risk aversion was positively correlated with stakeholder and business expectations (3.1 v FF  $r=0.312$   $p < 0.001$ ) and with business impact (3.1 v E  $r = 0.296$   $p < 0.001$ ).
7. Provisions to take action against senior leaders (they are referred to as the controlling mind in some jurisdictions) for corporate manslaughter have been enacted in Hong Kong, England and Wales, Australia, Canada and elsewhere. In France corporate manslaughter is defined as "causing the death of another, in the circumstances and according to the distinctions laid down by Article 121-3 of the Criminal Code, by clumsiness, imprudence, distraction, negligence or breach of a duty of safety or prudence imposed by statute or regulation" (Article 221-6, Criminal Code)

[Click here to return to Executive Overview](#)

# Game-changing insights from the global pandemic

2



## Seven insights from the global pandemic

We asked the participants to share their top three learnings from the Covid-19 crisis. We were surprised by the breadth of insights that emerged from their remarks. The global pandemic has most definitely accelerated some established trends in H&S and generated some new ones, but it may also prove to be a (the?) positive tipping point for how organizations address the health, safety and wellbeing of their people at work.

Many of the participants see a precious opportunity to create a very different, richer engagement with their stakeholders on health and safety in this moment: an opportunity to build organizational and individual resilience, and a culture and behaviors that will better equip their companies to meet rapidly changing expectations.

The insights fall under seven headings:

### 1. Business continuity planning

Organizations need to build better response mechanisms for extreme, 'black swan', low-likelihood, high-consequence events. Business continuity and crisis management plans were found lacking by many and frequently because they had not been tested. (*"We thought we had a business continuity plan, but we didn't. It was just a response-to-something plan."*) Better responses in Asia were a result of companies learning from the earlier SARS pandemic.

### 2. Perceptions of health and safety functions

There has been a positive shift in perceptions of H&S functions and heightened recognition of the importance of health and safety at work (cited by 27%). This has translated into observed deeper understanding of risk and much greater depth in risk assessment on the frontline and up the line.

### 3. Model leadership behaviors through the global pandemic

Significant focus on building senior leadership capability on H&S over the years has delivered very positive outcomes in terms of increased engagement. The vast majority of senior leaders understand they have a crucial role to play in defining the health and safety culture and performance of the organizations they lead. It is also clear that most are very keen to play their part.

C-19 has added 'fuel to the fire'. Senior leaders and middle management have stepped up their engagements on H&S in response to the crisis. 29% of the participants said they had observed model behaviors from their leaders in how they collaborated with their peers and in their honest, open, caring and meaningful communications and engagements with their teams.

The pandemic can, in a way, be regarded as a mass education for leaders on the very real risks in health and safety, the crucial role leaders at all levels need to play, and what this means in practice.



#### 4. Global/local

Many observed an almost spontaneous transition into a different mode of engagement between corporate leaders at the center and local management teams. Both recognized the center has a crucial role in providing direction, with leaders down the line empowered and trusted to deliver on the intent in a style that properly addressed local cultural and operations challenges. Cited by 10%.

#### 5. Recognizing the 'H' in health and safety and mental health

There has been a widespread appreciation of the need for much greater focus on health and wellbeing at work, especially mental health.

#### 6. Accelerated pace of change will be part of the 'new normal' and implies new challenges

Widespread remote working and work from home has created a new set of challenges (and opportunities), for health and safety. The participants expect a lot more change in how and where work will be delivered. Organizations have learned that transformational change can be delivered at speed and the pandemic has provided a 'license' to consider more radical change and increased speed in delivering it. *"It's demonstrated that when we need to accelerate, we can accelerate."*

#### 7. Innovation in delivering health and safety processes

Innovation in how H&S functions and core processes are delivered with the application of technology to support the changes.

## In their own words

*“It was a perfect illustration of an interdependent safety culture: collaboration to find solutions, positive support, coaching, helping each other, clear messages, interdisciplinary solutions, management visibility on the shop floor.”*

*“Leadership have gained new appreciation for health and safety and the role we play.”*

*“Safety is everyone’s business and this was really driven home by Covid-19.”*

*“We worked in a very collaborative way. We typically work in silos. With Covid-19 the silos were broken down.”*

*“It helped us understand risk and get common understanding of risk tolerance.”*

*“More emphasis now on occupational health in the overall HSE. The ‘H’ in HSE used to be silent.”*

*“The volume of communication is not what is important. It needs to be targeted and tangible.”*

*“This common enemy has brought everyone together and helped highlight that health and safety is part of a senior leader’s role.”*



## Points to consider

- 1. How can health and safety functions extract long-term value for their organizations arising from greater focus on health and safety during the pandemic and improvements in perception of the function?**
- 2. Leadership engagement, effective communication, maintaining a real connection with people and cross-functional collaboration are fundamental to sustaining robust health and safety cultures and performance. How do health and safety functions ensure the gains achieved in these areas through the pandemic are sustained into the future?**
- 3. In what way will health and safety functions need to adapt to the many significant changes in the operating environment that have been born out of the pandemic, such as the rapid changes in the way the work is done?**

## ERM’s Point of View

Insights that emerged from C-19 can be seen as a great gift. It is a new perspective that provides a clear view on the nature and scale of the growing challenges for organizations on health and safety and how organizations can best address these challenges. We can see clearly what needs to be done and what is possible.

Health and safety Function Leaders at every level of the organization have enjoyed unprecedented access to senior leaders and collaborated deeply with their peers across other functions through the global pandemic. A sort of global, pan-organization breakthrough in recognition of health and safety has occurred in 2020: people understand why it matters and they realize they must play their part. It is an extraordinary opportunity to transform culture, behaviors and performance in health and safety. Seizing the opportunity will require deliberate thoughtful action that needs to be led by the function at a time when many are stretched, and in some cases to the limit.

[Click here to return to Executive Overview](#)

# Evolved approaches deliver results: Putting the 'why' back into health and safety

3



# Evolved approaches deliver results: Putting the ‘why’ back into health and safety

## Value from established processes but issues with design and execution

The participants were broadly positive on the value they are deriving from their established H&S processes: *“They are an essential part of the jigsaw.”* See Figure 3.1. However, over three quarters (76%) identified deficiencies with their established processes, and 10% expressed ‘significant concerns’ on the value derived from them. *“We simply do not get enough value from our existing tools.”*

Our analysis of the data produced a counter-intuitive finding: Function Leaders’ estimates of the value derived from their established processes was negatively correlated with performance<sup>1</sup>, ie more favorable perceptions of the processes implies worse H&S performance! We believe this is indicative of weak and inconsistent measures of process efficacy, focused on activity and compliance measures rather than impact achieved.

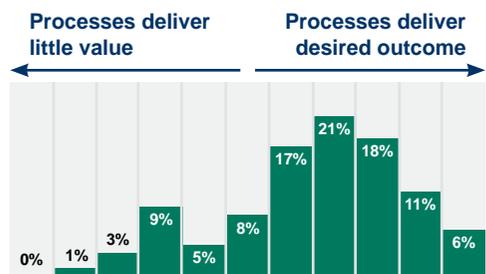


Figure 3.1: Participants’ estimate of value derived from established safety process and programs

The deficiencies with their processes identified by the participants fall under two main headings.

**First**, the processes are not fit-for-purpose (overlapping and duplicative, overly bureaucratic, obsolete, lack consideration of the human element). Cited by 35%.

**Second**, 24% shared the view that they had *“sound systems but they are poorly implemented”* and are therefore failing to deliver the value they should. A further 12% expressed specific concerns about tick-box approaches to execution of the processes.

A number of the Function Leaders reported they had recently completed substantive overhauls of their established systems and 10% are currently engaged in re-engineering their processes at this time. Streamlining and better integrating the human element in core health and safety processes is one of the key innovations identified by the participants.

## Evolved approaches are delivering a wide range of benefits

Recognizing the very real limitations with legacy approaches in H&S, academics, management consultants (including ERM: full disclosure!) and more progressive Function Leaders have deployed a range of new approaches to deliver sustained improvement in health and safety performance. Two thirds of the participants said they had adopted a new approach to safety in the past two years. These fall under nine category headings (see graph overleaf).

Observed (not theoretical) benefits derived from the execution of these approaches which the participants identified were surprisingly many and varied. 28% identified

improvements in leaders behaviors with greater ownership of health and safety and increased engagement with the frontline. They also shared that leaders have a better understanding of how the work is actually done, and better knowledge of the hazards and risks on the frontline of their operations. 24% of those who have implemented evolved approaches cited tangible improvements in their health and safety performance metrics (less harm to people) and 11% shared broad-based improvements in the culture, people’s mind-set and even positive impacts on recruitment and retention of talent.



# Evolved approaches deliver results: Putting the ‘why’ back into health and safety

## Evolved approaches being deployed by survey participants



1. More engagements, and more impact from their engagements, deeper connection with the frontline and focus on the hazards and risks.

2. Includes human and operational performance approaches and human factors

The challenges set out by the participants in delivering change in their H&S cultural and behaviors through the adoption of these approaches are typical of those that would be encountered in any substantive cultural change program.

- **It takes time (a lot of time), stamina and skill to get people to let go of legacy approaches; to translate good intent to practice; to address different cultures, languages, generations (Gen Z mentioned by a number); and to identify and move people who aren't convinced ('you don't hear from them').** These challenges were cited by 46%
- **Given the scale of the effort, resourcing is a challenge, especially given increasing demands on health and safety functions and challenges in accessing individuals with the breadth of capabilities required to deliver the change.** Cited by 27%
- **Securing and maintaining the active engagement of senior leaders in the change process (beyond buy-in) is imperative and it is also very challenging in an initiative-overloaded operating context.** 25% talked to this key challenge. 22% talked to the challenge of building and retaining local ownership and enthusiasm.

## In their own words

*"The requirements are well defined and very effective, if they are followed 100% of the time."*

*"We have the tools in place and a willingness to use them but we lack deep understanding of the reasons we do things."*

*"In my global role I see how many of the safety programs get implemented. Some look good on paper, but are not delivering the expected benefit. How people actually go about the work isn't matching what it says in the paperwork."*

*"Insist on empowerment. If you provide the knowledge and awareness of the 'why', people will own it and live it."*

*"We are leveraging neuroscience and human factors to understand more about how people make decisions, focusing on procedural excellence, adapting them to the operations and making them fit-for-purpose and user friendly."*

*"We need to move from technical performance to human performance. Humans are not only the source of errors but also the source of solutions."*

*"It's about getting more from what we already do."*

*"Leadership, leadership, leadership! It's the fundamental thing that drives safety performance improvement."*

# Evolved approaches deliver results: Putting the 'why' back into health and safety



## Focus on serious injuries and fatalities

The vast majority of the participants in the study (80%) have implemented specific measures to reduce the occurrence of Serious Injuries and Fatalities (SIFs). Roughly a quarter of these have done so recently.

Scoring of the effectiveness of these programs is generally positive, though only 6% said their programs are fully addressing the underlying issues that give rise to fatalities (See Figure 3.2). We did not, however, find a correlation in the data on the participants' evaluation of their SIF programs and frequency or numbers of fatalities: possibly because they have not had sufficient time to achieve the desired outcomes.

A number did share concerns about their SIF programs, citing issues with poor quality of execution (tick-box mentality) and a lack of accountability. Some expressed concern that serious injuries persisted despite their investment in establishing a SIF program.

Key features of SIF programs which have been implemented by the Function Leaders are shown opposite.

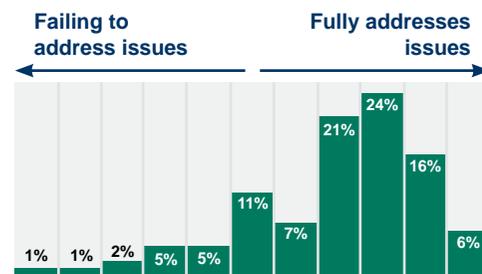
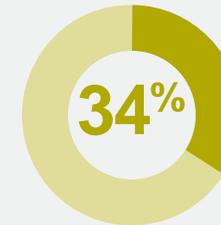
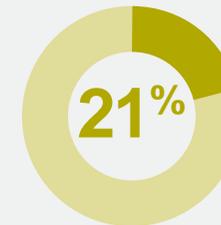


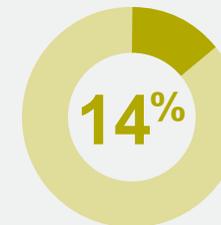
Figure 3.2: Participants estimates of the extent to which SIF Programs address underlying issues that rise to them



Cited building an open culture so people are comfortable with reporting (a no-blame culture). Enhanced learning from incidents, better identification of underlying cultural and operational issues that are giving rise to SIFs together with robust actions to execute and track corrective actions that address the underlying causes of failure.



Cited identification of critical hazards (including process safety hazards). Many have formally identified these in golden rules/life-saving rules/life savers. Focus on these aspects implies de-emphasizing less critical hazards and risks.

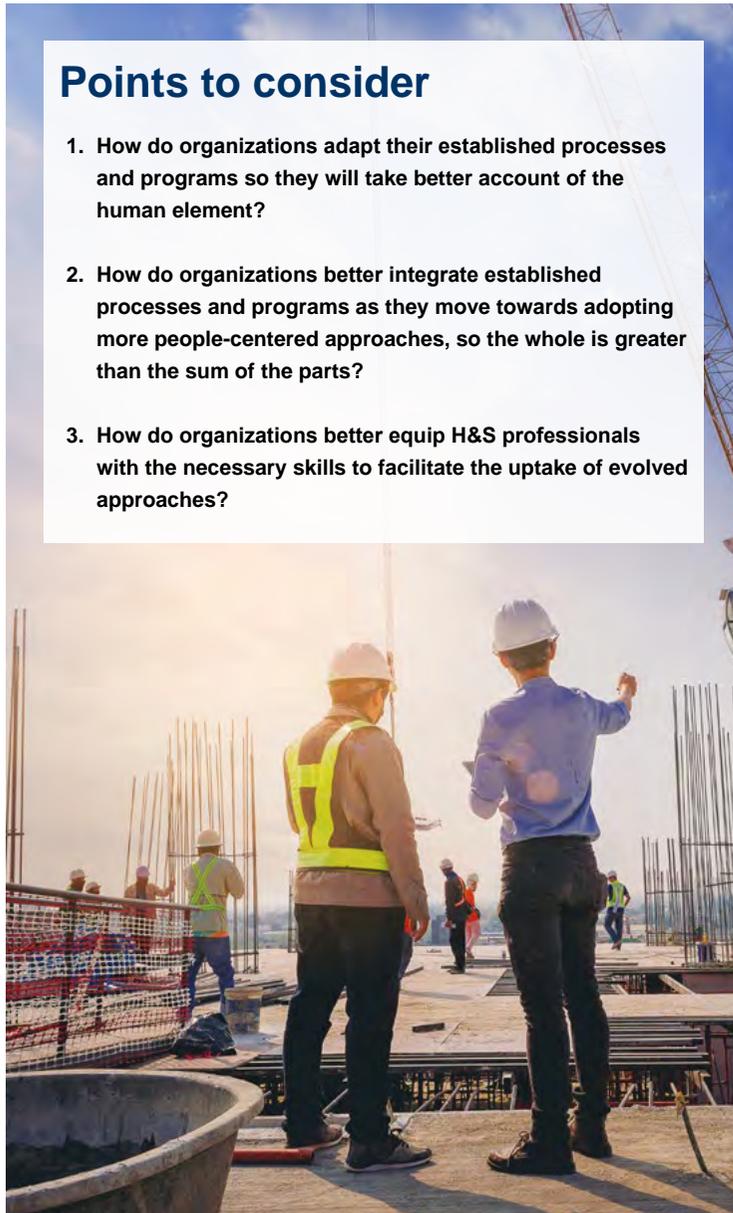


Cited direct leadership engagement in building awareness of SIF programs to help build a common language across the organization. Widespread, timely communication of incidents and direct leadership participation in follow-up were also identified as crucial.

**Other features cited less frequently include: improved risk assessment (more focus on critical hazards), heightening awareness of SIF precursors, empowering the frontline with authority to stop work, and investment in enhanced engineering controls.**

## Points to consider

1. How do organizations adapt their established processes and programs so they will take better account of the human element?
2. How do organizations better integrate established processes and programs as they move towards adopting more people-centered approaches, so the whole is greater than the sum of the parts?
3. How do organizations better equip H&S professionals with the necessary skills to facilitate the uptake of evolved approaches?



## ERM's Point of View

The data tells us that core H&S processes play a vital part in maintaining robust health and safety culture and performance. The data also tells us that meaningful leadership engagement is absolutely crucial. Indeed, the Function Leaders believe it's the most powerful means of driving safety performance. The data also tell us that neither are delivering the scale of impact they ought to. While providing us with additional data to reinforce the findings, we should point out that these are a near-carbon copy of findings from the 2018 Survey<sup>2</sup>:

- **Established safety processes and programs are not delivering sufficient impact on performance**
- **Leadership engagement is key, but leaders need to step up and gain new skills**

But the 2020 data provides us with a crucial additional insight: where whole organizations have a shared belief that there is a credible and immediate threat to the health and wellbeing of their people, leaders will naturally adopt role model behaviors and will use the processes as intended.

We believe the widespread non-adherence to the processes identified by the participants in this study is unlikely to be due to intentional broad-based non-

compliance on the frontline across different companies, geographies and sectors, but rather suggests that the design of the processes and approaches to their deployment are not fit for purpose and don't take sufficient account of the human element. Competing priorities including production goals, and cultures which seek to force compliance with insufficient focus on purpose are much more likely to be the culprits. And this is true of leadership engagement too. With a singular focus on purpose, underpinned by sound processes, the extraordinary happens, naturally. Witness how leaders spontaneously adopted role model behaviors on health and on safety and transformed engagement in core processes through the global pandemic. A marvel.

We believe the fact that two thirds of companies that participated in this study have adopted new approaches to health and safety in the past two years is remarkable. It suggests there is now widespread recognition that traditional approaches cannot deliver what organizations need to adequately address the safety and wellbeing of their people at work. We believe the way forwards lies not in any one of the nine evolved approaches identified by the Function Leaders, but in all of them, with a singular focus on purpose. In the words of one of the participants in the study, it's all about *“putting the WHY back into safety”*.

## Notes

1. Participant estimates of the extent to which processes are impacting behaviors and performance vs participant views on trends on lagging indicators; R=0.05; p-Value <0.001

2. See Section 9 of the [ERM 2018 Global Safety Survey](#), titled, Leadership Engagement is Key but Leaders Need to Step up and Gain New Skills.

[Click here to return to Executive Overview](#)

# Changing role of H&S functions demands new capabilities: Bridging the gap

4

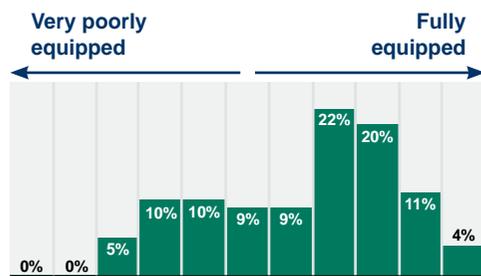


# Changing role of H&S functions demands new capabilities: Bridging the gap

Rising stakeholder expectations on health and safety, higher levels of leadership engagement, the uptake of evolved approaches and increasing use of data and technology are stretching H&S professionals.

These challenges have been accentuated by the global pandemic as the profile of health and safety has been elevated and H&S professionals at every level of the organization have been called on to provide leadership through the crisis.

The Function Leaders' assessment of the extent to which their teams are equipped to address these changes is broadly positive, more positive than the commentary from the participants would suggest. Only 4% of the cohort, however, assess their H&S professionals 'fully equipped to address changing needs'. See Figure 4.1.



**Figure 4.1: Participants' estimate of the extent to which H&S professionals are properly equipped to address changing needs of their stakeholders**

## Changing competency needs

The participants in the study noted a lack of alignment on what constitutes professional excellence in the field of health and safety, but they were 100% clear that robust technical capabilities and deep knowledge of regulatory requirements are foundational, but not sufficient, to address the needs of their organizations going forward.

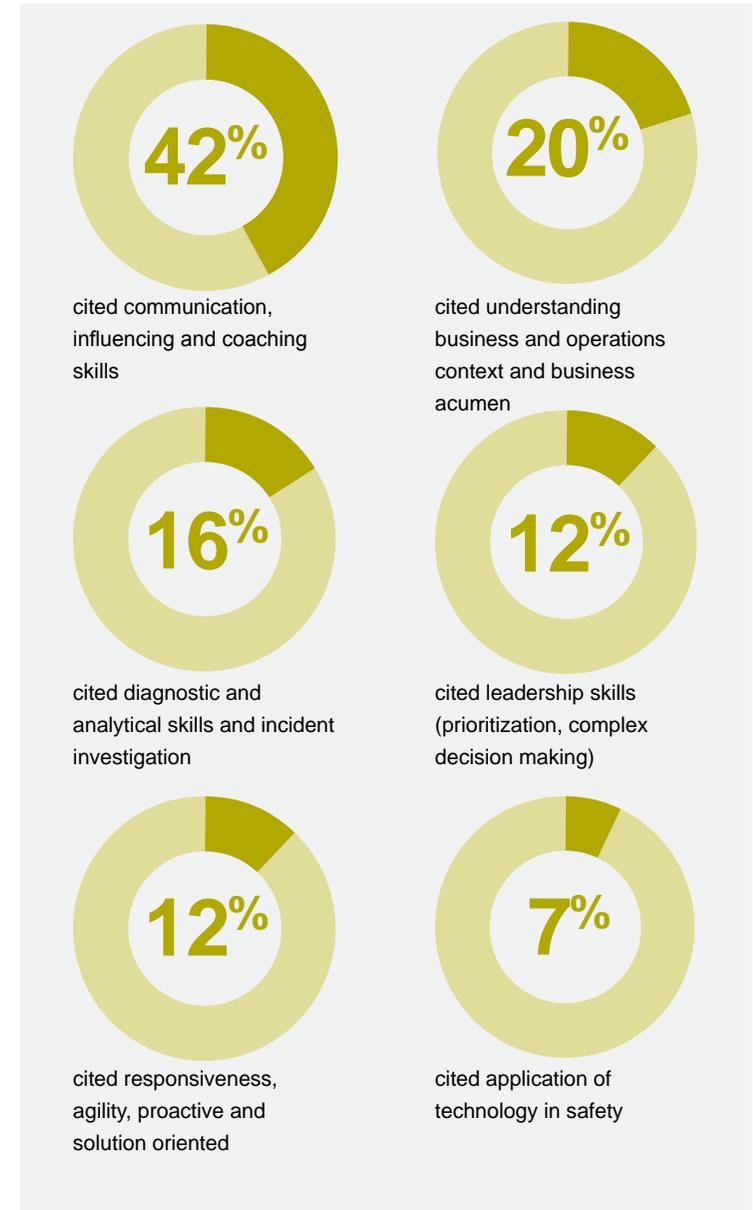
### Technical needs

Just over one third identified specific deficiencies in technical capabilities, often arising because of the practice of recruiting individuals into the function from operational or maintenance backgrounds. The most frequently cited technical needs were related to process safety, chemical exposure, health generally, and mental health and wellness programs specifically. Other frequently identified needs were related to industrial hygiene, risk assessment and risk management concepts.

### Non-technical needs

H&S professionals will play a crucial role in leading their organizations through a complex set of challenges as they strive to respond to rapidly increasing expectations on health and safety.

H&S professionals at every level will need to be adept at cultural and operational needs analysis, assessing the merits and costs of an increasingly complex array of alternative solutions, securing the necessary investment and leading on the successful deployment of these initiatives. Approximately two thirds of the participants identified one or more specific non-technical competency needs. The six key non-technical competency development needs identified by them are closely aligned with the widespread adoption of evolved approaches. It is notable that the least frequently mentioned capability need was the application of technology, which was the most frequently cited investment priority for the participants.





## Bridging the gap

Ensuring health and safety professionals are equipped with the necessary competencies is a complex challenge. Six key observations from our engagements with the Function Leaders:

- 1. The health and safety profession lags other professions in creating an aligned view on the multi-disciplinary capability needs for professional excellence in the field. Few organizations have developed robust competency development models for their health and safety functions.**
- 2. Some organizations have developed their own list of competency needs, but these don't necessarily take proper account of recent changes in the field and changing needs of organizations.**
- 3. H&S professionals have traditionally positioned themselves as technical experts and not as leaders in their organizations; few have participated in leadership development programs.**
- 4. The practice of rotating high-potential operational leaders into health and safety roles has many merits, but it reduces the opportunities to develop health and safety professionals.**
- 5. Recruitment into health and safety roles lacks rigor, especially at a site level, which could be regarded as the base of the pyramid. Individuals are sometimes transferred into these roles simply because they have demonstrated some interest in health and safety.**
- 6. 20% of the participants identified a need for their health and safety professionals to understand and take better account of operational and business imperatives, but few have developed approaches which will equip their teams with this and other key capabilities needs.**

## In their own words

*"They need to get better at managing through others, managing a team of people, get them engaged and take ownership. They need the ability to influence others and the courage to stand alone."*

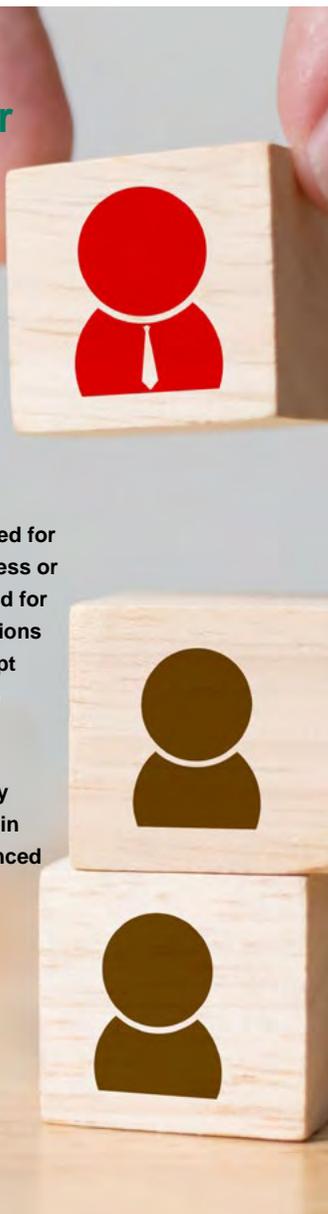
*"Many of our health and safety staff are very competent but the pace of change is challenging and we need them to be more innovative and agile."*

*"We have a nucleus of well-seasoned professionals but they need to understand how to operate and do things in a different world (post-Covid-19). HSE people lack understanding of human factors, the business and operations and they lack the ability to address root causes. Investigations of serious injuries are still pointing to paperwork issues."*

*"We have individuals who are passionate, but not always best suited or educated for the job. They need more interpersonal and coaching skills, more ability to talk the management talk, and to influence at Board level, using the right language that financial and operational leaders understand."*

## Points to consider

1. How can organizations quickly develop a more comprehensive, up-to-date list of competency needs for H&S professionals in their organizations and use this to develop an understanding of gaps in their capabilities?
2. Are there competency development models that have been successfully developed for other functions within the business or models that have been developed for other professions that organizations can benchmark against and adapt to address the needs of the H&S professionals?
3. How can organizations positively engage their H&S professionals in the process of developing enhanced capabilities in the function?
4. How can health and safety Function Leaders enlist the support of their peers in other functions to support the efforts to build the capabilities of the function?



## ERM's Point of View

Organizations that are effective in addressing the increasing risks and opportunities arising from changing stakeholder expectations on health and safety (in support of building a thriving workforce) will be competitively advantaged over those who do not. Senior leadership has a key role to play in responding to the challenge, but success also depends on how health and safety functions respond to the challenge and ultimately on the capabilities of H&S professionals working at every level of the organization.

In a number of respects, the model health and safety professional of tomorrow will look very much like the health and safety professional of today. They will have a passion for the protection of life and the wellbeing of people at work. They will have deep technical knowledge and be familiar with the regulatory code within the jurisdictions where they operate, and understand the reporting regimes required by law. They will be comfortable in an operational setting and recognize good practice (behaviors and conditions), and especially the critical hazards associated with activities they oversee. The need for these good attitudes and capabilities, together with deep knowledge of core H&S processes, will not disappear in the future and it is important to recognize that maintaining these capabilities alone is challenging.

But the insights from the participants tell us organizations need more from their H&S professionals, addressing all of the technical and non-technical capabilities identified by the participants. And they need it urgently.

Recruitment and competency development programs for the function have not kept pace with the changing needs. The data calls for academic institutions, professional and industry bodies to better articulate criteria for professional excellence in the field of health and safety.

Bridging the gap calls on every organization of scale to develop short, medium and long term strategies to attract and retain talent to the function while building the capabilities they need to succeed in this changing operating environment. It will require deep cross-functional collaboration and progressive competency development models to identify and develop individual capabilities, at pace. Established models developed for other functions and professions will provide useful insights.

Function Leaders will need to lead these efforts with the support of their senior leaders. But it also requires, and probably especially requires, those working in the profession to embrace the change and recognize the possibilities of delivering extraordinary value to both the organization they serve and the lives of people at work.

[Click here to return to Executive Overview](#)

# Success and pitfalls in harnessing data and technology



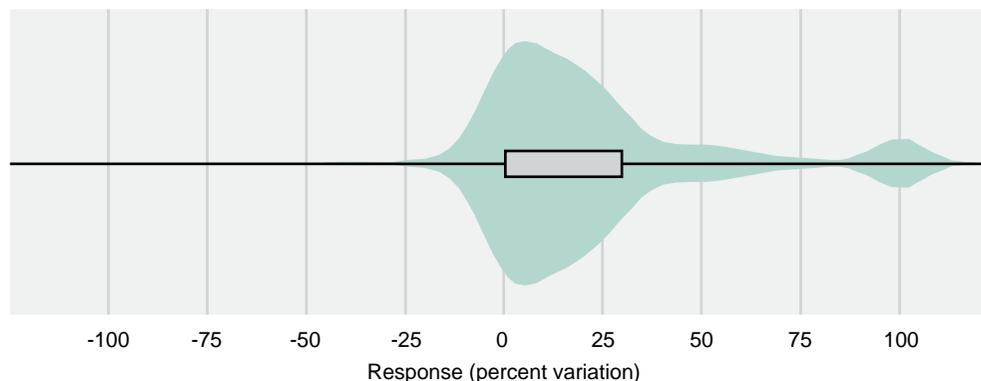
## Robust but moderating investment in data and tech

The application of data and technology have become a core element of companies' strategies to drive safety performance improvement, and it's increasingly being deployed to support health, wellness and fitness for work programs. The widespread uptake of data and tech solutions in health and safety is a relatively recent phenomenon. Operational leaders are increasingly looking to technology to 'solve problems' in safety. We found a positive correlation in the data between investment in technology and recent fatalities. Companies that have fatalities are likely to invest more in tech, which we believe suggests organizations are looking to tech solutions in the aftermath of serious incidents to help prevent recurrences.<sup>1,2</sup>

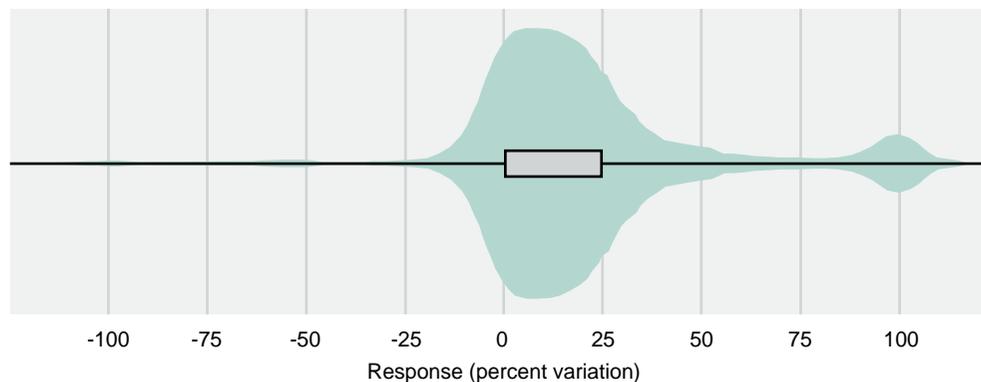
Function Leaders have also looked to technology to support the remote delivery of core safety processes through the global pandemic and will likely continue to exploit these innovations in the post-Covid-19 world.

Companies increased their investment in data and technology by 24% on average between 2018 and 2020 (range: -25% to +200%) and they are planning further increases of 20% on average over the next three years (range: -100% to +200%): substantial growth, even if the pace of change is slowing somewhat. See Figures 5.1 and 5.2.

**Figure 5.1: Plot of participants' by estimated changes in investment in data and tech in health and safety 2018-20**



**Figure 5.2 Plot of participants' by anticipated changes in investment in data and tech in health and safety 2020-23**



## High levels of satisfaction

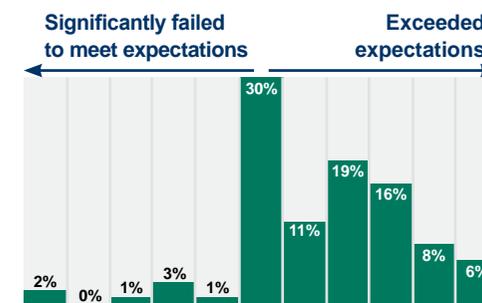
A number of the participants (14%) felt it was too early to evaluate their investments in data and tech, but for those who were able to do so, a remarkable 92% said their investment met or exceeded expectations (30% met, 62% exceed). See Figure 5.2.

There were many positive remarks from the Function Leaders.

*"Use of the apps has created more visibility to see when people are complying with requirements. It's also improved our incident investigations as the data is readily available for root cause analyses."*

However not all the feedback on investments in data and tech was positive, and the costs of failure of these initiatives can be significant.

*"The initiative has been a fail, leading to a huge push-back on new initiatives"*



**Figure 5.2: Functional leader satisfaction with their investment in data and technology**

## Changing investment priorities in data and tech

In the ERM 2018 Safety Survey<sup>3</sup> we found that 92% of Safety Function Leaders regarded data and tech as vital to improving safety performance and 75% were investigating how they could use technology to improve safety at that time. Technology is now being applied across the spectrum by companies that participated in the study to reduce human exposure and protect people on the job when they do need to engage with the hazards.

The use of robotics for confined space entry, driverless vehicles and devices for remote inspection and surveillance were all cited by the participants as means of reducing human exposure in high-hazard activities. In vehicle monitoring systems (IVMS), smart PPE and other tools are being deployed by the participants to reduce the likelihood of failure on the frontline. Many are planning to provide frontline personnel with handheld devices and augmented reality tools to improve real-time access to critical data on the job and others are deploying virtual reality tools to enhance the quality of training on the job in hazardous work environments. And many of these technologies are yielding improvements in efficiency too.

|   | % Identifying Investment Priority for 2020-23 | Investment Priority Ranking 2020-23 | Investment Priority Ranking 2018-20 | Change in Rank |
|---|---|-------------------------------------|-------------------------------------|----------------|
| <b>Digitalization of key safety processes</b>   | 70%   | 1                                   | 1                                   | =              |
| <b>Application of virtual reality and augmented reality tools and digitalization of learning management systems</b> | 16%   | 2                                   | 5                                   | ▲              |
| <b>Remote observation, inspection and monitoring</b>  | 15%   | 3                                   | 3                                   | =              |
| <b>Machine safety, robotics and automation, asset integrity</b>   | 15%   | 3                                   | 2                                   | ▼              |
| <b>Mobile platforms for data collection and access</b>  | 12%   | 5                                   | 6                                   | ▲              |
| <b>Data analytics</b>   | 11%   | 6                                   | 6                                   | =              |
| <b>Wearable devices (proximity monitors, ergo, lone worker monitoring)</b>  | 9%  | 7                                   | 4                                   | ▼              |
| <b>Vehicle safety , monitoring (including telematics) and driverless vehicles</b>                                   | 4%  | 8                                   | 8                                   | =              |

**Table 5.1: Percentage of companies investing in eight different data and technology categories and ranking for the periods 2018-20 and 2020-23**

### Priorities

70% of the participants are planning to invest in digitalizing core safety processes over the next three years, in some cases deploying second or third-generation systems. This investment will be targeted at a range of different needs including observation and incident management systems, data management/reporting and the digitalization of risk assessment and risk management processes.

The number of companies planning investments in audit program management software and tools to support remote auditing is expected to nearly double over the next three years (from 5% to 9% of the cohort).

Investment in technologies to enhance the quality of health and safety training/ competency building will become a key focus for an increasing number of companies (16% planning investments in the next three years vs 9% over the past two years). These technologies are also expected to reduce the costs of delivery of training. 15% of the participants are planning investments in machine safety over the next three years (down from 19% in the past two years) and 9% are planning investments in wearable technologies (down from 11% in the past two years).

## Lessons from success and failure

With a few important exceptions most of the participants' insights from their implementation of data and tech solutions relate to the human element: engagement with stakeholders, especially users, is absolutely crucial.

Here are the top seven insights they shared:

1. **Undertake a VERY detailed needs assessment.**
2. **Engage stakeholders (operations, IT, users, senior leadership) early and often and be collaborative. And don't tell them: 'This is what you need!'**
3. **Optimize your business / health and safety processes before you automate them.**
4. **Take great care in building the team to drive the implementation.**
5. **Relatively small but equal numbers of the participants strongly advocated for off-the-shelf vs custom-built solutions: different situations will favor one or the other and in some cases a hybrid will best meet particular needs.**
6. **Anticipate delays: deployment will take a lot longer than you anticipate. And positive outcomes take time to emerge.**
7. **Don't underestimate the reluctance of people to embrace new technology and systems, and recognize that engaging with these solutions is more challenging for some people. Identify suitable, influential early adopters to accelerate the uptake.**

## In their own words

*"We shot ourselves in the foot at the time by having the wrong team for deployment. We are just now starting to capture some of the great advantages of implementing the system."*

*"We have to take account of all the suggestions and feedback from the frontline workforce."*

*"We've been experimenting with wearables, but these have been somewhat of a distraction for the workforce and they introduced more hazards than they were intended to resolve: my advice is we need to tread carefully and think about unintended consequences of technology."*

*"It takes a while to get the benefits. Take the time to get it right and it will deliver."*

*"If you had asked me two years ago I would have given a very poor rating, but the outcomes have dramatically improved over the past year. We didn't do an adequate job of engaging all the stakeholders or making sure we were consistently driving implementation within the business."*

*"Human beings need to manage safety. IT is just a tool."*





## Points to consider

1. Striking the right balance between single global solutions and adapting to different needs.
2. Identifying the best-equipped individuals to provide input through the whole lifecycle of the implementation and keeping them both engaged and excited through the process.
3. Defining more realistic timelines and increasing predictability and discipline in execution.
4. Staying the course, recognizing that it takes time for the benefits of the systems and technology to become apparent and remain open and flexible to adapt to unforeseen obstacles.

## ERM's Point of View

The application of data and information management systems and technology has become integral to organizations' efforts to efficiently move the needle on health and safety performance. Challenging as it is for health and safety professionals they are learning how to manage the deployment of these innovations: a new – and increasingly vital – skill set for them.

These tools offer a range of alternative measures to reduce risk at every level of the hierarchy of controls (from the elimination of highly hazardous activities through the use of intelligent PPE) and at ever-declining cost. A great cause for optimism. But, as one of the Function Leaders pointed out, more automation and clever gadgets don't necessarily imply less hazard or lower risk and more data doesn't necessarily imply better informed decision making. Insights

that have emerged from this study suggest data can be misleading and this is especially true when dealing with complex systems. In addressing health and safety of people at work – a very complex system - misleading data can and does cost lives and destroys reputations.

That doesn't in any way negate the scale of the extraordinary possibilities from data and technology. It does suggest leaders in organizations need to be very thoughtful in how they advance the use of data-management systems, the design of metrics they use and how they harness the ever-increasing and brilliant tech solutions that are emerging. And, of course, it calls on us, as the Function Leaders have so well articulated, to drive the deployment of these innovations with deep focus on the needs of the people they are intended to serve.

## Notes

1. There is a weak positive correlation between investment in technology (M) and # of fatalities in the last 2 years (M v 2.7  $r = 0.225$ ,  $p = 0.004$ )
2. The data suggest that investment in technology may be a response to bad safety performance/the occurrence of fatalities since future spend is significantly correlated with how recent the last fatality was ( $r = 0.22$   $p$ .value = 0.003)
3. See Section 8 of the [ERM 2018 Global Safety Survey](#)

[Click here to return to Executive Overview](#)

# Five key challenges call for advanced leadership development methods

6



# Five key challenges call for advanced leadership development methods

## Leadership engagement is the most effective means of delivering improvement in H&S performance

The 273 health and safety Function Leaders who participated in the study are amongst the best informed individuals working in the field with at least 6,800 years' combined experience. We asked them to share their view on what is the most effective means of driving health and safety performance improvement, and to consider everything they have observed over the course of their careers in their responses. We asked a similar question in the ERM 2018 Safety Survey and wanted to test if the cohort in 2020 would provide similar responses.

Their responses fall into five categories. See graph below.

The primacy of leadership as the key to driving health and safety performance improvement is clear from this data and is

supported by a number of other data points:

- **Participants attributed improvements in their lagging indicators to two key factors: increased involvement of leaders; and their organizations' adoption of evolved approaches in their health and safety programs.<sup>1</sup>**
- **Each of these factors also featured heavily in comments from the participants who felt their organizations had responded well to the challenges arising from the global pandemic.**
- **75% of the Safety Function Leaders who participated in the ERM 2018 Safety Survey identified 'leadership visibility on the frontline as the most effective means of changing behaviors on the frontline'.<sup>2</sup>**

## Leaders are engaging more on health and safety and a new generation of leaders is at the forefront

Shifts in performance expectations, interventions by external stakeholders and Boards of Directors and impacts of the global pandemic have driven increased leadership engagement on health and safety. 89% reported that their senior leaders are engaging more on H&S, with 17% rating the maximum 'greatly increased' engagement on the scale. See Figure 6.1.

20% of those who reported increased leadership engagement attributed this to the recent appointment of a new CEO or other senior leaders. Insights from the participants indicate that a new generation of business leaders see a clear link between H&S and business performance and a thriving workforce. These 'aspirational leaders' are focused on developing a culture of 'care for people' to help attract and retain talent. They are bringing a deeper focus on health and safety aspects to their roles and the organizations they lead.

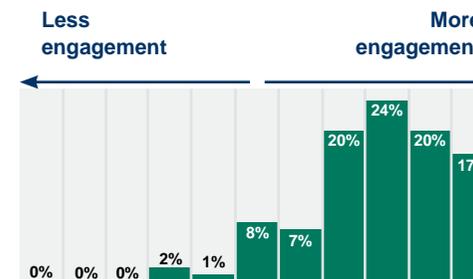
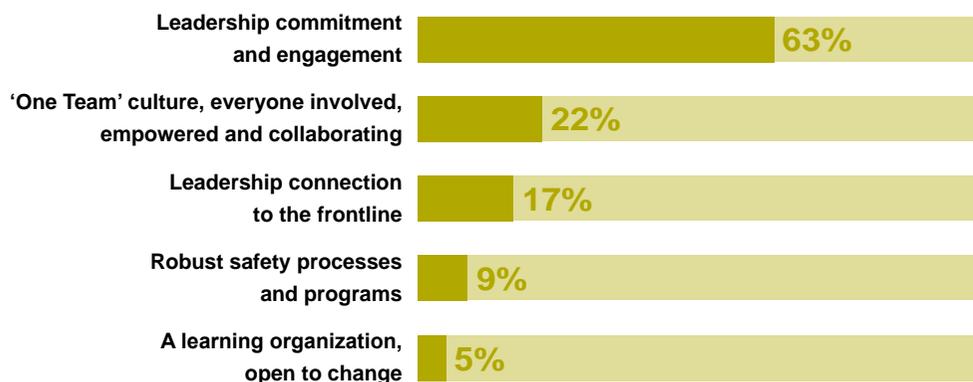


Figure 6.1: Participants' estimate of changes in senior leadership engagement in the past two years





## Increased senior leadership engagement isn't sufficiently translating into impact on the frontline

The data clearly indicates that increased leadership engagement is not adequately translating into impact on the frontline.

- 79% of the Function Leaders believe there is a material difference in risk tolerance between senior leaders, middle managers, frontline leaders, frontline workers and contractors in their organizations. The vast majority observed that risk tolerance rises the closer you get to the frontline.

In practice, therefore, senior executives' expectations with respect to risk tolerance for their organizations is materially at odds with the actual risks being tolerated on the frontline where 'the rubber meets the road'. And the gap may widen as senior leaders respond to rising stakeholder expectations and impacts on business with even higher levels of risk aversion. We found that anticipated changes in both stakeholder expectations and business impact were positively correlated with higher levels of risk aversion.<sup>3</sup>

- Only 8% of the participants rated senior leaders as highly proficient in terms of their ability to translate commitment and engagement on health and safety into meaningful impact on culture, behaviors and performance. Only 5% rated their middle management and their frontline leaders as highly proficient.

- To drive the point home, we found that higher ratings on leadership engagement were actually negatively correlated with a composite measure of performance which included a weighting for numbers of recent fatalities.<sup>4</sup> The data suggest more leadership engagement leads to worse performance (!), clearly a counter-intuitive finding.

These all point towards a need for:

- **better metrics to access leadership engagement on health and safety; and**
- **a need to focus on enhancing the quality of leaders' engagements.**

Companies recognize these challenges and are addressing them. Concerns about leadership, culture and behavioral aspects were identified as the number one issue in safety for the Function Leaders and a top three investment priority for them.

83% of companies are planning to provide training to their senior leaders, middle management and/or frontline leaders in the next three years. Practical actions to translate commitment and engagement in the office and on the frontline into positive, meaningful impact on the culture and performance were identified as the key development need for leaders by 80% of the participants.

## In their own words

*"Culture is destroyed in the absence of leadership."*

*"There is a willingness from senior leaders to engage, but their experience is lacking; mid-level leaders do not see safety as part of the role. (Some do, too many don't)."*

*"For senior leaders we need to build their understanding of risk. What they know currently is very academic. It needs to be made more real and more practical. Frontline leaders are over-promoted a lot of the time. They don't have the technical and leadership skills to understand risk and therefore their tolerance of risk is much higher."*

*"Senior leaders – they're just not as close to the frontline as we would like, but they are willing to go and spend time on the shop-floor. We need senior leaders to coach the mid-level to ensure that their expectations are clear and understood. The theme of coaching continues for the mid level. It's all about generating trust and relationships."*

*"Development needs really are the same across the different levels of leadership, and are focused on helping people get more impact from the time they spend influencing others. Some people just don't have the right mind-set. We need to focus on those who can help us make a difference going forward."*

## What is wrong with leaders' engagements on health and safety?

### Little measurement of effectiveness

Measures of leadership engagement and performance targets typically focus on the quantity of engagements on H&S and not on the outcomes achieved. The Function Leaders observed that measurement is impossible in the absence of alignment on what constitutes a high-quality engagement on health and safety. "Leaders want to drive change" but in the absence of clarity on what a good engagement looks like, some are 'ticking the box' and others are doing their best, but are failing to break through in their engagements.

### The production/safety dilemma

The participants observed that middle management and frontline leaders often interpret senior leaders' expectations as a near-singular focus on productivity. 14% identified this as a concern.

Middle management, frequently over-stretched and addressing many different priorities, lack the time, and often the skill, to help frontline leaders resolve the perceived conflicts between safety and production goals.

Frontline leaders, typically selected because they were a model producer, with experience biased towards production and many have not had the opportunity to develop a broader understanding of their accountabilities or the skills to deliver on those effectively.

### Breakthrough engagements

The participants observed that established safety leadership training programs are not – in general – adequately equipping senior leaders to deliver meaningful impacts in their engagements with middle management and the frontline. A breakthrough in addressing these challenges requires a different approach.

Senior leaders engagements should help middle management and frontline leaders to resolve the perceived dilemma between production and safety. This implies coaching frontline leaders to improve their hazard and risk recognition skills, to equip them to make more informed decisions on the risks in line with the organization's tolerance of risk.

To be effective in their engagements, leaders at every level, should understand and recognize the hazards and risks to which their people are exposed. Cited as a key development need by 21% of the participants. Providing these capabilities to leaders from non-operational backgrounds is key. A considerable number of the participants felt strongly that leadership training and coaching need to be field-focused.

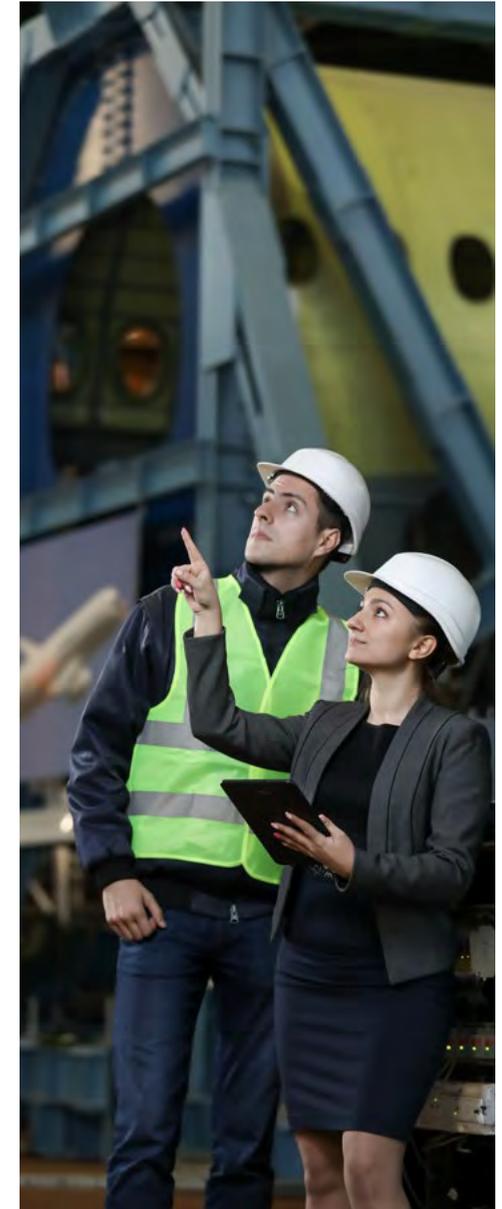
### Equipping leaders to address rising challenges on mental health

Mental health was identified by over half the participants as a key concern (more than any other aspect in health and in safety). The participants' relatively low estimates of leaders' ability to identify and address mental health issues is a concern. Only 3-4% scored their leaders 'very well equipped to address these challenges' and there was little differences in ratings for senior leaders, middle management and frontline leaders.

### Other leadership development needs

Other leadership development needs identified by the Function Leaders include:

- health and safety processes and their execution (cited by 9%)
- identifying and addressing systemic causes of failure (cited by 5%)
- understanding and using metrics and leading Indicators (cited by 5%)
- understanding standards and technical aspects of health and safety (cited by 5%)



## Points to consider

The extent and quality of leadership engagement is the dominant factor, by far, in determining health and safety performance.

1. How can organizations keep their leaders engaged in delivering health and safety performance improvement in a context where lagging indicators are trending positively but serious performance challenges remain?
2. How do organizations better educate leaders at all levels on the scale of the impacts they have on their safety and health culture and performance?
3. How do they better equip them, especially leaders and frontline leaders, with the practical skills to deliver on rising health and safety performance expectations? These approaches need to address the underlying factors that give rise to the mismatch between senior leaders' lower tolerance of risk and higher tolerance of risk on the frontline and into the contractor base.
4. How can organizations build off and sustain increased understanding and engagement on risk and risk assessment and role model behaviors exhibited by many during the Covid-19 pandemic?



## ERM's point of view

The data calls for a refreshed approach to leadership development in health and safety, one that builds on the very real advances in safety leadership in the past few years and the step-change in the extent and quality of leaders' engagements on health and safety through the global pandemic.

These approaches need to go to the heart of the underlying cultural challenges that are giving rise to material differences in risk tolerance in the boardroom and the actual tolerance of risk on the frontline, where it matters. And they need to equip leaders with the practical skills they require to allow them to translate their very good intentions (and the investment of their time) into great outcomes.

The data calls specifically for greater focus on the frontline in leaders' engagements and a style of engagement that provides real support to frontline leaders and their people at the 'sharp end'. Understanding the hazards and risks to which people are exposed is fundamental, and leaders need to positively engage on these aspects to have real impact.

A more considered approach to leadership training and coaching on health and safety will yield powerful outcomes for organizations (and for the leaders themselves). 83% of companies are planning to invest in leadership development in health and safety over the next three years. This will be a material cost to organizations, but it is also a material opportunity to deliver a step-change in health and safety culture and performance too.

## Notes

1. We asked the participants what key factors gave rise to shifts in performance. 42% cited various aspects of leadership engagement. 36% cited enhanced incident reporting and learning from incidents (LFIs) and 12% cited focus on Serious Injuries and Fatalities (SIFs). Enhanced reporting, LFIs and SIF programs were frequently cited as key examples of evolved approaches to H&S which have been deployed by organizations which participated in the study.
2. See Section 9 of the [ERM 2018 Global Safety Survey](#)
3. Rising stakeholder expectations (r=0.312 p value

<0.001) and business impact (r = 0.296; value p < 0.001) were positively correlated with risk aversion was positively correlated

4. We generated an index for safety performance that combined safety outcomes (i.e., lagging indicators) weighted more heavily by fatalities and how recently they occurred. We found that higher fatalities and worse safety outcomes were significantly correlated with:
  - Changes in leadership engagement R=0.282; p value <0.001
  - Measures of quality of leadership engagement R=0.246; p value<0.001

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# The persistent challenge with contractor safety performance

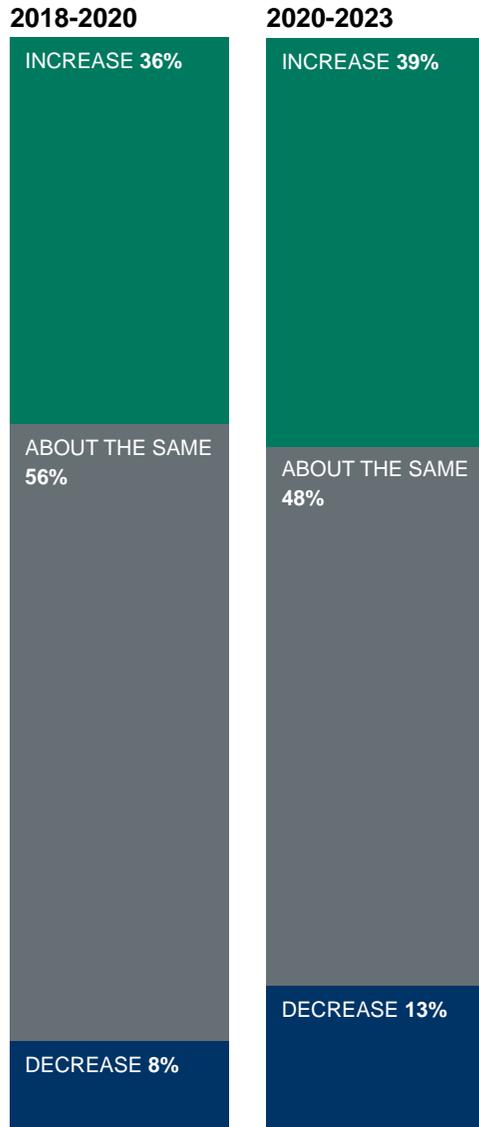
7



# The persistent challenge with contractor safety performance



Figure 7.1: Participants' estimate of changes in contractor exposure hours



## Continuing migration of risk into the contractor base

The long-standing trend of outsourcing an increasing volume of construction, operational and maintenance activities to contractors has continued over the past two years. On average, contractor exposure hours increased by 6% (range -60%-+100%). At a macro level this rate of growth will be sustained, though an increasing proportion of companies (13%) expect to reduce their use of contractors over the next three years. See Figure 7.1. This is a very different reading compared to our findings in 2018, when 72% reported increasing use of contractors.<sup>1</sup>

Health and safety considerations are playing at least some part in companies' decisions to reduce their use of contractors. For example, the lack of availability of any contractors within a radius of 500km who were able to satisfy their H&S expectations, caused

personnel at a German manufacturing site to revert to using in-house resources for previously out-sourced activities.

Contractors are undertaking higher-risk activities compared to companies' own employees according to 71%, with only 5% believing they are undertaking lower-risk activities. See Figure 7.2.

More exposure hours for contractors who are engaged in higher-risk activities implies a further concentration of risk in the contractor base. This is a concern, with the majority of the participants (65%) reporting that contractor safety management is more challenging than managing employee safety. See Figure 7.3.

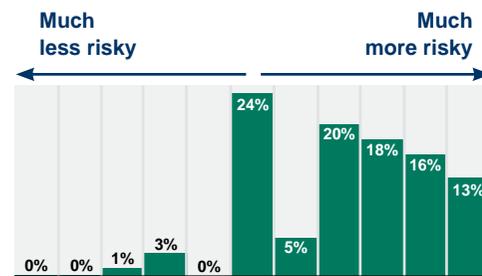


Figure 7.2: Participants' estimate of risk profile for contractors activities vs own employees

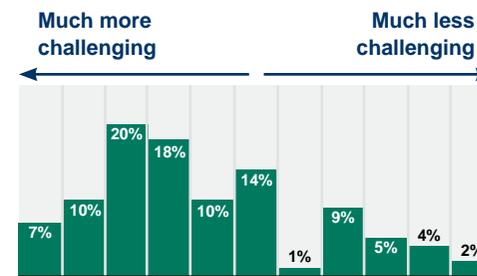


Figure 7.3: Participants' estimate of relative ease of managing contractor safety vs own employees



# The persistent challenge with contractor safety performance



## Challenging contractor safety performance

Given this data, one would expect to see contractors under performing on safety compared to companies' own employees. In fact, we did find a positive correlation between increased use of contractors and more recent occurrence of fatalities in the data.<sup>2</sup> However, just over half the Function Leaders (56%) rated their contractors' safety performance equal to or better than their own employees' (See Figure 7.4). The participant ratings of the extent to which contractors are integrated into their culture are also biased towards the positive end

of the scale (see Figure 7.5) and 55% of the cohort said they were satisfied with their approaches to contractor safety management.

So, in all, a mixed picture and aligned with many participants identifying both positive outcomes (especially with long-term, embedded contractors) and real challenges with contractor safety management in some geographies, and especially with short-term, transient contractors.

A notable 10% of Function Leaders indicated potential issues with legal liability required them to take a hands-off approach in their engagement with contractors. The majority (67%) of the Function Leaders are, however, actively engaged with their contractor and planning to change aspects of their contractor safety programs in the next three years, including 40% of those who declared themselves satisfied with their current approaches to managing contractor safety.

Four key challenges identified by the Function Leaders with contractor safety management are set out below.

A disconnect between procurement, excessive weighting on price in contract negotiations and a failure to adequately address health and safety aspects in contract documentation were also identified as concerns by the participants.

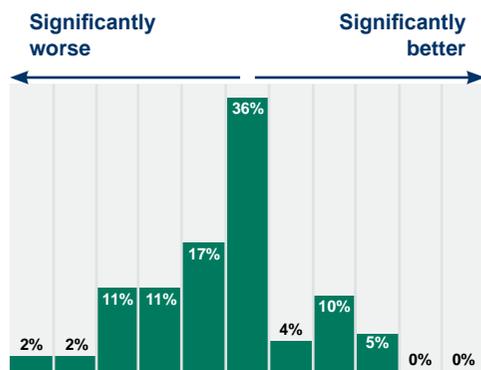


Figure 7.4: Participants' estimate of their contractors' safety performance relative to own employee's safety performance

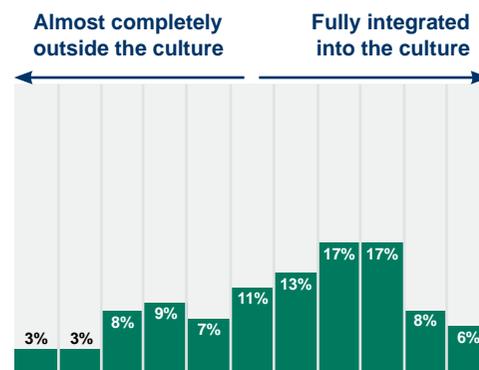
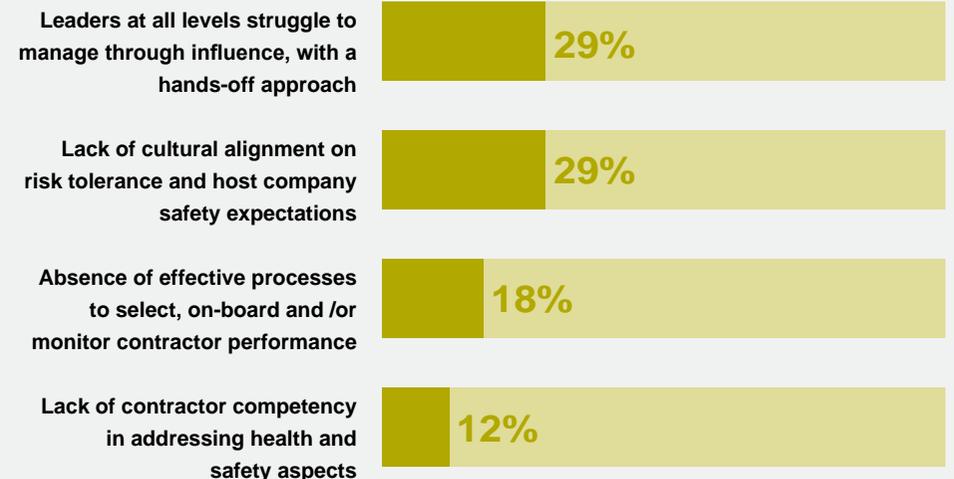


Figure 7.5: Participants' estimate of their extent to which their contractors are integrated into their culture



# The persistent challenge with contractor safety performance

## Partnering with contractors

Adopting a broader multi-functional approach to contractor management (procurement, operations, health and safety, and training functions) was regarded as a potential means to achieve better outcomes on safety for all contractors.

Extending senior leadership engagement into the contractor base to more effectively engage contractors' senior executives (as business partners) within the contractors' organizations was seen as crucial.

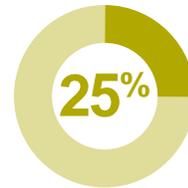
The Function Leaders identified a need to develop fit-for-purpose programs and approaches to address the needs of short term contractors.

A number of organizations are also seeking to collaborate with peers in jurisdictions where there is a lack of availability of contractors with the required capabilities to address their collective needs. Health and safety is increasingly regarded as a competition-free zone.

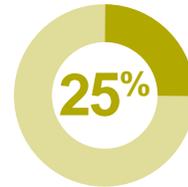
We were interested to note that the comparative ease of dismissing poor-performing contractors was cited by over 50% of the participants who rated contractor safety management as less challenging than managing own employee safety.



### Measures to address challenges with contractor safety



Developing / upgrading contractor management standards



Enhanced qualification, selection and contracting processes



Enhanced orientation, onboarding, training and cultural integration



Enhanced performance monitoring and post-project reviews



Closer collaboration with contractors

### In their own words

*"When we don't have a proper contract approval process, we have incidents."*

*"We can clarify requirements upfront but ultimately they are not part of the same organization and I think we, as a customer, underestimate differences between their culture and our levels of expertise, and their competency."*

*"It's more challenging because our expectations are set high and ultimately our contractors have different cultures and backgrounds that aren't always aligned with ours. There is a price tag associated with doing safety, and unfortunately not all our subcontractors are prepared to make the same investments we are."*

*"Contractor management is owned by contracts and procurement rather than the business line leaders. It will continue to be challenging as long as this is the case."*

*"Our contractors are performing more risky work and a lot depends on them. We should be treating them as business partners."*

## Points to consider

1. How do organizations better equip leaders at every level and in every relevant function to become more effective in influencing contractors' health and safety culture and performance over the whole period of their involvement and especially at points of maximum influence?
2. How can organizations engage constructively, with impact, and in a cost-efficient manner with short-term contractors given limited opportunities for engagement with them?
3. How can organizations better integrate long-term contractors into their culture so they seamlessly integrate and become better aligned with their host's tolerance of risk?

## ERM's point of view

Challenges on contractor safety are not new. A number of the headlines from the 2020 study replicate findings from the ERM 2018 Safety Survey. What has changed is the fact that contractors have been loaded up with more risk in the intervening period as expectations on safety have risen: the stakes are higher.

Some organizations have gone to great lengths to genuinely partner with their contractors (business partners), as well as educating their own teams on best practice in managing across the divide and holding contractors and their leaders accountable for addressing their obligations. That is excellent, but our impression is that, in the main, not much has changed.

We agree with the Function Leaders who suggested that cross-functional engagement on contractor safety is essential. We

believe a more holistic approach that looks at every stage of the lifecycle of contractor engagement to identify the richest opportunities for engagement and maximum influence is imperative. Finally, maximum effort should be applied to the contractors who present the maximum risks to the business (and to themselves), and the approaches deployed should be fine-tuned to address the very specific challenges associated with these contractors.

Our findings from our engagements with the participants in 2020 have provided deeper insights on the need to focus on challenges in specific geographies and on the specific challenges with short-term contractors. These challenges need custom-built, fit-for-purpose solutions and broad-based engagement in defining the approach and managing every aspect of contractor safety performance.

## Notes

1. See [ERM 2018 Global Safety Survey](#), Section 4
2. There is a weak positive correlation between changes in the use of contractors and how recently the last fatality occurred ( $r = 0.2$  p value  $< 0.005$ )

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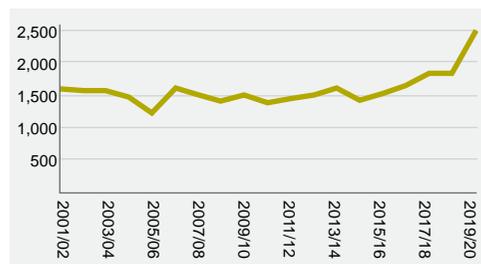
# An escalating crisis on mental health in the workplace

8



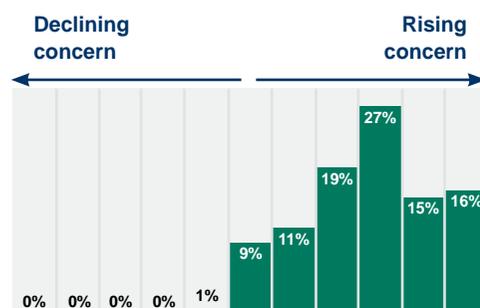
## Growing concerns about mental health

Mental health has been growing as a concern for some time. Data from the UK Office of National Statistics, for example, shows a steady rise in recent years in cases of work-related stress, depression or anxiety per 100,000 workers. See Figure 8.1. They also reported that issues with mental health accounted for 55% of all days lost due to work-related ill-health in 2019<sup>1</sup>.



**Figure 8.1** Work-related stress depression or anxiety per 100,000 workers in the UK for years ending March 2002 to March 2020.<sup>1</sup>

90% of the Functional Leaders indicated that mental health is an increasing concern for their organizations with 16% scoring it the maximum on the scale: 'a rapidly increasing concern'. See Figure 8.2. More than half of the participants (53%) rated resilience, psychosocial stress, and mental health amongst their top concerns on health and safety (more than any other issue).



**Figure 8.2:** Participants' estimate of changes in concerns about mental health



## What is driving these trends?

Rising concerns about the impact of mental health appears to be driven in part by increased awareness and openness on the issue (cited by 21%), but also by a material increase in incidence rates.

The Function Leaders identified fatigue with constant organizational change, increased uncertainty, job insecurity and burn-out in an always switched-on work environment as key factors in driving increased incidence of mental health issues in their organizations (cited by 21%).<sup>3</sup> Covid-19 was cited by 46% as a multi-faceted stressor for mental health, with 10% identifying increased stress as a result of working from home as a key factor. Leadership focus on mental health has raised the profile of the issue (cited by 5%) and 4% cited concerns with racial tension and societal conflict as contributory factors.

The factors cited by the Function Leaders that are underpinning the observed increase in incidence rates of mental health issues are likely to be a significant feature of the changing operating environment in 'new normal', post-Covid-19 world, which suggests the impact of mental health at work will continue to increase for the foreseeable future. The scale of this issue could be enormous for organizations.

## How are companies addressing mental health issues?

79% of the organizations that participated in the study have established programs to address mental health issues. 63% said they are planning new initiatives on mental health in the next three years. Key program elements going forward will include the provision of specialist support, leadership development programs and all-employee awareness programs.

The most beneficial aspect of their programs cited by the participants are shown below.

**25%** cited provisions for mental health in their Employee Assistance Programs

**20%** cited access to external support (with a number using externally supported hotlines)

**15%** cited training for leaders on resilience at work and skill building on recognizing and responding to mental health issues

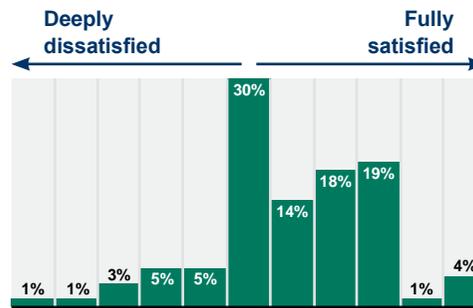
**12%** cited all employee awareness programs

## Are these programs delivering the desired outcomes?

The participants' ratings of their programs (measured in terms of their satisfaction with the benefits derived from them) are among the lowest in the survey. Only 4% said they were fully satisfied with the benefits they are deriving from their programs. See Figure 8.3.

19% said they were unable to evaluate the effectiveness of their programs as they were managed by other functions (typically HR). 15% of the participants felt it was too early to tell if their programs are delivering the desired outcomes.

We found widely distributed perspectives on how well-equipped leaders are to address mental health issues, with only 3-4 % rating them very well equipped (see below). There was little difference in their ratings for senior leaders, middle management and frontline leaders. See Figure 8.4.



**Figure 8.3: Participants' estimate of extent to which established programs are delivering the desired outcomes on mental health**

## In their own words

*"I don't think concerns about mental health have grown, but our willingness to address them as a company has."*

*"Working in an increasingly global environment and working across time zones is significantly impacting work-life balance. Employees are not feeling empowered to say 'no'. People are being expected to work too hard in an environment with competing priorities, with too many demands from too many people. We see increasing numbers of mental health issues being recorded. Mental health issues will be the number one cause of early retirement in our organization."*

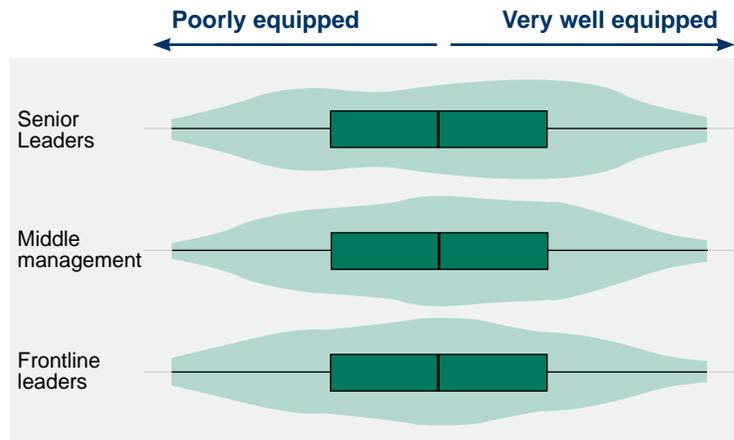
*"The culture of doing more with less is reaching a breaking point"*

*"I think maybe 50% of our people have struggled with mental health issues in the past six months."*

*"The world, and our workplace, is much more complex. People feel stressed and overwhelmed. We need to maintain our focus on people and helping them manage this change in this fast-paced environment we're living in."*

*"We came to realize before and throughout Covid-19 that healthy minds lead to so many benefits. We need a more holistic approach to wellbeing for people to be at their best and this is getting discussed at Board level."*

*"Covid-19 was a triggering event."*



**Figure 8.4: Participants' estimate of extent to which their leaders are equipped to identify issues with mental health and provide appropriate support.**

## Concerns with established approaches

A number of companies that participated in the study have developed useful tools and approaches to help identify potential mental health hotspots. They typically use a range of leading indicators, including monitoring of recognized stressors such as significant organizational change events, excessive overtime and absenteeism to identify areas of need and follow up with targeted support from qualified specialists.

However, the data and insights from the roundtable sessions with the Function Leaders suggest near-systemic failure in addressing what is a rapidly escalating issue for human health and wellbeing in the workplace and what is perhaps becoming the number one threat to organizations enjoying the benefits of a thriving workforce.

The key insights from our engagements with the Function Leaders on mental health:

**1. It's not a new issue, but organizations have failed to adequately recognize rising concerns about mental health and the extent to which the 'always switched on' and 'more for less' work culture is impacting mental health.**

**2. Established programs are reactive and designed only to address issues when they arise (often emergencies) and may not be very effective when they do. There is little focus on prevention (identified by 10% of the participants).**

**3. Mental health programs are overly 'promotional' in nature and are failing to draw on advanced risk management concepts and evolved approaches in health and safety.**

**4. Diffused accountability for mental health and, in some cases, little cross-functional involvement of safety functions is likely impairing progress in developing and deploying effective programs. 22% of the Function Leaders had little or no insight into their companies' programs or plans to address mental health.**

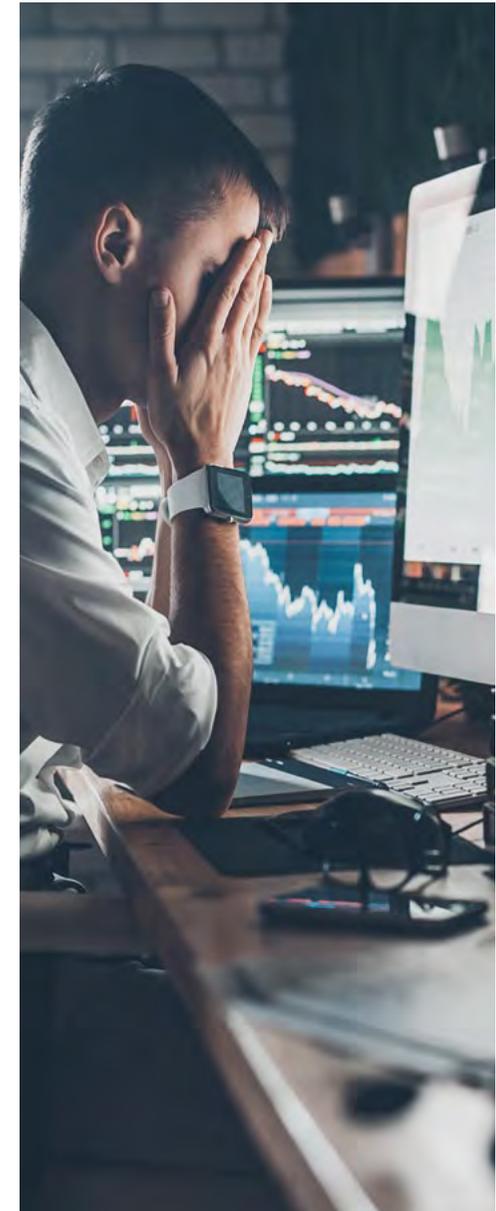
**5. Many (most?) leaders are 'scared' of engaging on mental health because they don't understand it. A lack of clarity and definition of mental health at work exacerbates the challenge.**

**6. Stigma: Despite a lot of good effort to build awareness of the issue, employees are reluctant to engage with established programs companies have deployed to address mental health (cited by 24% of the participants).**

**7. Outsourcing of mental health programs and remote helplines appear to have low levels of efficacy. Some organizations have had success with embedded trained resources (some refer to them as 'chaplains') who socialize with people in the workplace in order to monitor their well being and to support people in need.**

**8. Organizations have not developed or used robust leading indicators for mental health to allow them to monitor concerns about this increasing source of risk to their business.**

Organizational responses to the global pandemic were – and remain at the time of writing – a potent combination of stressors on mental health: massive change; further blurring of the lines between home and work; more efficient but sometimes exhausting back-to-back connections via Zoom and Teams and less physical contact with people at work; and often with rising uncertainty and increasing job insecurity. The pandemic has been a shock to what was already a fragile system in many organizations.



## Points to consider

- 1. How can organizations better inform their leaders of growing concerns with mental health?**
- 2. The data indicates challenges with mental health program efficacy and little in the way of preventative measures within these programs. How can organizations quickly evolve their programs and embed measures to**
  - Reduce the incidence of mental health issues arising from workplace stressors?
  - Enable organizations to better identify conditions that are likely to have a negative impact on mental health (leading indicators)?
  - Improve access to programs (ie reducing people's reluctance to engage with the established programs)?
- 3. The data indicates that accountability for mental health is diffused in many organizations, with many health and safety functions having limited engagement in the development and roll-out of these programs. How can organizations better leverage health and safety processes and programs and a wealth of experience of engaging people on their health and their safety to help deliver better outcomes on mental health?**



## ERM's point of view

In a world where access to and retention of talent is a key differentiator, rapidly increasing concern about mental health is arguably becoming the most significant threat to companies enjoying the extraordinary benefits that a thriving workforce can provide to their businesses.

A lack of appreciation of the extent to which workplace stressors contribute to challenges on mental health, reactive approaches, a reluctance by many (not all!) leaders to engage in a meaningful way on mental health and lack of cross-functional collaboration have allowed the issue, in a way, to grow unchecked. Front-of-curve thinking that has become commonplace in other areas of health and safety is substantially absent in how organizations approach issues with mental health.

The data presents an unambiguous call for urgent action to address what was a significant issue pre-Covid-19, a much bigger one since, and one that will almost certainly continue to be a major concern in the post Covid-19, new normal.

## Notes

- <https://www.hse.gov.uk/statistics/history/historical-picture.pdf>
- Burn-out is increasingly recognized as a concern and has recently been included in the 11th Revision of the International Classification of Diseases (ICD-11) as an occupational phenomenon. <https://www.who.int/news/item/28-05-2019-burn-out-an-occupational-phenomenon-international-classification-of-diseases>

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# Increasing cost of H&S and changing investment priorities

**Figure 9.1: Average estimated change in investment in H&S for 2018-2020 and 2020-2023 and percent of participants estimating increases, little change and decreases in investment**



## Predicted increases in health and safety investment

We found positive correlations in the data between changes in stakeholder expectations, leadership engagement and risk aversion, and planned changes in investment in health and safety.<sup>1</sup>

The Function Leaders' estimate of their overall investment in health and safety, including indirect costs, increased by 21% on average over the period 2018-2020 (range -80% to +200%). As a benchmark, capital expenditure for the combined S&P 500 companies increased by 3.5% in 2019.<sup>2</sup> They anticipate it will increase by a further 17%, on average, between 2020 and 2023 (range -50% to +250%), a slowing in the overall pace of growth. This represents

over 40% cumulative growth in spend (on average) over the five-year period. Companies that are planning to increase their investment in safety over the next three years will do so by 27% on average. Only 5% of companies are expected to reduce their investment in safety over the next three years. See Figure 9.1.

In 2018 we found that most companies did not understand the scale of their economic investment in safety but the participants' estimates suggested a cost equivalent to 17% of labor costs, including all direct and indirect costs: high growth off a very large base.<sup>3</sup>



## Investment priorities

The participants shared their list of top three concerns on health and on safety in their interviews. Their investment priorities are reasonably well aligned with their concerns, apart from a few notable exceptions. We also noted some shifts in investment priorities vs 2018.

**Technology** The use of technology was the most frequently cited investment priority by the participants, but it didn't feature on the list of priority investments in 2018. The application of technology to address challenges in health and safety has become more widespread in the last few years.

**Mental health** Resilience, psychosocial stress, dealing with burnout (especially in the context of Covid-19 and increased work from home) - a top 3 issue for 53% of the participants is only an investment priority for 30% of the participants.

**Leadership, culture and behavioral change** including adoption of Human Performance principles was the top priority in 2018 and remains in the list of the top three in 2020. 83% of the companies are planning to invest in leadership development in the next three years.

**Covid-19 and other potential pandemics:** 46% of the participants identified this as a top three concern for them, but only 14% cited it as an investment priority. Very few specifically mentioned investing in the development of enhanced business continuity planning/crisis management plans, which was a key deficiency identified in our engagements on the global pandemic.

**Contractor safety** 28% of the participants identified this as a top three issue for them on safety, but only 8% cited it as an investment priority, though 67% of the cohort are planning changes in their approaches to contractor safety in the next three years.

**Fleet Safety, and the use of mobile equipment** Identified as a top three issue by 20%, but only 8% identified it as a key investment priority.

|  | Investment priority ranking | Ranking of top concerns in health and safety |
|--|-----------------------------|--|
| Technology <sup>1</sup>                                | 1                           | -  |
| Mental Health  | 1                           | 1  |
| Leadership, Culture and Behavioral Change <sup>2</sup> | 3                           | 5  |
| Process Safety <sup>3</sup>                            | 4                           | 7  |
| Wellness, Fit-for-Work <sup>4</sup>                    | 5                           | 4  |
| Occupational Exposure <sup>5</sup>                     | 6                           | 3  |
| Software, Digitalization of Processes                  | 7                           | -  |
| Ergonomics, Muscular Skeletal                          | 8                           | 8  |
| Addressing Covid-19 + Other Pandemics                  | 9                           | 2  |
| Serious Injuries and Fatalities, Critical Controls     | 10                          | 10   |
| Safety Function <sup>6</sup>                           | 10                          | 15   |
| Process Improvement and Streamlining                   | 12                          | 12   |
| Data Management, Analytics, Reporting                  | 13                          | 22   |
| High Hazard Activities <sup>7</sup>                    | 14                          | 11   |
| Contractor safety <sup>8</sup>                         | 15                          | 6  |
| Fleet Safety <sup>9</sup>                              | 15                          | 8  |

**Table 9.1: Ranking of investment priorities and top three issues on health and safety as cited by the Function Leader**

1. Includes remote surveillance devices, wearables, machine safety and the use of robotics
2. Includes focus on deploying principles of Human and Operational Performance
3. Includes Combustible Dust, Asset Integrity, Fire Safety and Suppression
4. Including Substance Abuse
5. Including Respiratory Protection (silica especially,

- dust, asbestos, chemical exposure, bio hazards)
6. Resourcing and capability development, including medical
7. Confined space, working at height, electrical safety, line of fire
8. Including contractors engaged in construction activities
9. Includes transportation and mobile equipment/vehicular movement on and off site

## Points to consider

1. How do organizations ensure they are providing adequate investment, directed at the right priorities given the pace of change in expectations?
2. In a resource-constrained world, how do H&S functions better evaluate the costs and benefits of different investment opportunities?
3. What practical actions can companies take to transform the value they derive from their substantive and growing investment in health and safety?

## ERM's Point of View

Estimated at a sum equivalent to 17% of labor costs in the ERM 2018 Global Safety Survey<sup>2</sup>, the scale of companies' total economic investment in health and safety is immense and by the end of 2023 will likely be 40% higher than it was in 2018.

It is clear that resources will need to be made available to address rising stakeholder expectations as well as the emerging crisis in mental health at work and other growing concerns such as occupational exposure to chemicals.

Investment in technology (using machines), to undertake high-hazard activities, will undoubtedly help to reduce serious injuries and fatalities at work, while also delivering improved operational efficiencies. The benefits that will accrue from investments in real-time access to data and information and the insights from data analytics are clear, with over 90% of the participants in this study saying their investments in data and technology met or exceeded their expectations. Investing in wellness programs will allow companies to capture the many, well documented benefits of a healthier, thriving workforce. All these are positive. All are value-adding. And, arguably all

are necessary steps in the effort to meet ever-increasing expectations on the health, safety and wellbeing of people at work.

However with an approach which is, perhaps, too incremental in nature, it is difficult to assess if these investments are the BEST use of resources in a resource-constrained world or for that matter to ascertain if the overall increases in investments that companies are planning will be sufficient to address the rapid escalation in expectations. A more holistic, strategic assessment of needs vs expectations would help ensure better targeting of resources and ensure organizations are better equipped to meet the expectations of key stakeholder groups.

Organizations can do much more to increase the value derived from their enormous economic investment in health and safety, so it yields much greater impact on performance and outcomes. That was a key finding that emerged from our engagements with the Function Leaders in 2018, and the data from this study tell us that it remains a major challenge for organizations today.

## Notes

1. We found that when participant estimates of future stakeholder expectations and impacts on business were high, so were: attitudes of risk aversion ( $r = 0.263$ ,  $p$  value  $< 0.001$ ); and past and future investment ( $r = 0.36$ ,  $p$  value  $< 0.001$ )

2. S&P Global Market Intelligence, S&P Global Ratings. Universe is Global Capex 2000

3. See Section 5 of the [ERM 2018 Global Safety Survey](#)

[Click here to return to Executive Overview](#)

The 273 Function Leaders who gave so generously of their time to participate in this study have provided a wealth of insight on health and safety at a time of extraordinary change and uncertainty in the world. Over 500 hours of input from some of the most informed individuals working in the field today have led us to six high-level conclusions.

### (i) **Thriving businesses need thriving people**

Protecting people's physical and mental wellbeing is foundational to creating an environment where people can thrive at work. The vast majority of leaders see the connection between H&S and business performance, and now more than ever. They also recognize that stakeholder expectations on health and safety are rising rapidly.

### (ii) **Leaders aren't just paying lip service to health and safety**

They are engaging more on the topic, personally, and they are funding increased investment in health and safety. Companies have deployed a myriad of different H&S programs over the years, and two thirds of the companies that participated in the

study adopted new approaches in the past two years alone. These programs have delivered a wide range of benefits, and 78% of the participants in the study reported improvements in their health and safety performance. Impressive outcomes and a testament to the scale of their commitment. Most organizations are planning further increases in spend on health and safety in the next three years.

### (iii) **There is NO cause for complacency**

In a context where risk aversion is rising, we were somewhat surprised to discover that 79% of the Function Leaders believe there are material differences in risk tolerance between senior leaders, middle managers and the frontline. That is a problem.





Despite their efforts and the widespread adoption of fatality prevention programs, more than half of the participants reported one or more fatalities in the two years prior to their interviews, cumulatively accounting for 504 lives lost at work for the cohort.

Data from the United States<sup>1</sup>, the UK<sup>2</sup> and elsewhere indicate that fatalities per 100,000 workers have, at best, remained flat for the past decade. The total cost of work injuries was a staggering \$170.8 billion for the US in 2018<sup>3</sup> and more than 374 million people are injured or made ill every year through work-related accidents globally, according to data from the International Labor Organization<sup>4</sup>.

Add to this a long list of concerns identified by the participants, such as mental health, a serious issue pre-Covid-19 and a much bigger issue since. Few organizations are adequately equipped to cope with what is an emerging crisis in mental health in the workplace, despite indicators over a number of years pointing to a steady rise in cases.

#### **(iv) The data points to persistent systemic deficiencies**

Most Function Leaders are fully aware of the underlying challenges that are giving rise to suboptimal performance outcomes: leaders' engagements are not adequately translating into impact on the frontline; there is too much focus on activity-based measures rather than outcomes achieved;

'tick-box' style of engagement in core risk management processes and other processes is yielding little or no value; H&S professionals who have had little opportunity to develop 'soft' skills are ill-equipped to meet the changing needs of their organizations. And more.

Many have kicked off initiatives that are designed to overcome these deep-seated challenges, but progress is slow and the scale of the challenge is great.

#### **(v) Covid-19 provided new perspectives on H&S and shed light on what is possible**

The profile of health and safety functions grew through the global pandemic, and whole companies gained new insights into the importance of health and safety at work and the need for every individual to play their part. Meaningful discussions on risk became more commonplace and people made better use of risk assessment tools. Many leaders spontaneously adopted role model behaviors, openly collaborating, connecting deeply with their teams on health and safety. Corporate leaders provided direction and effectively delegated execution to locally based management teams who adapted their approaches to address different cultural norms and operational challenges. C-19 also revealed inadequacies in crisis management plans and put the spotlight on a number of areas of rising concern.

A period of enormous challenge and deep learning for most organizations on health



and safety, C-19 also revealed that, in the right circumstances, rapid changes in health and safety culture can be achieved.

## **(vi) Evolved approaches and technology hold much promise**

Two thirds of the participants adopted 'new approaches' to health and safety over the past two years: a range of evolved thinking and methodologies to bring a more people-centered approach to their core processes and leadership engagements on health and safety in a more open, learning culture. 10% are planning near-term initiatives to revamp their processes.

Companies are also deploying an expanding range of tech innovations including remote surveillance devices, robotics, smart PPE, driverless vehicles, virtual and augmented reality tools to de-risk their operations (having machines undertake high-hazard activities) and to better equip their people when they engage with the hazards. Data management, use of handheld devices to access data on-the-job and data analytics to support enhanced quality of decision making on H&S are becoming commonplace. Companies' investment in data solutions and technology in health and safety jumped by 24% on average over the period 2018-20 and the participants are planning further increases of 20% over the next 3 years.

The use of data and tech in H&S have 'come of age' with 92% saying their investments in these elements met or exceeded their expectations. The benefits of evolved

approaches cited by the participants are also many and varied. These developments offer huge promise, but realizing the full benefits of them requires a single minded end-to-end focus on the people they are intended to serve.

## **A template for excellence in health and safety culture**

We took all of these insights and the many others shared by the Function Leaders to create what could be regarded as a template for excellence in health and safety (See page 53). It touches on every one of the key elements identified by the Function Leaders in our engagements with them including, leadership engagement, enhanced capabilities for health and safety professionals, improved people-centered H&S processes, measures to address specific challenges with contractors and many others. In a way, this could be regarded as the collective aspirations of the 273, and it can be used as the basis for building a roadmap to a more robust health and safety culture and sustaining the foundation for a thriving workforce and a thriving business.

## **In conclusion**

We earnestly hope that this work, the synthesis of the perspectives of 273 of the world's most informed Function Leaders, will help equip and guide those who are charged with the responsibility for the many substantive challenges related to the health, safety and wellbeing of people at work in today's complex and changing business environment.

## **Notes**

1. <https://stats.bls.gov/iif/oshcfoi1.htm#2017>
2. [www.hse.gov.uk/statistics/pdf/fatalinjuries.pdf](http://www.hse.gov.uk/statistics/pdf/fatalinjuries.pdf)
3. Data from the [National Safety Council](http://www.nsc.gov.au) in the US. The total cost of work injuries in 2018 was \$170.8 billion. This figure includes wage and productivity losses of \$52.4 billion, medical expenses of \$35.0 billion, and administrative expenses of \$57.6 billion. This total also includes employers' uninsured costs of \$12.8 billion, including the value of time lost by workers other than those with disabling injuries who are directly or indirectly involved in injuries, and the cost of time required to investigate injuries, write up injury reports, and so forth. The total also includes damage to motor vehicles in work-related injuries of \$4.9 billion and fire losses of \$8.2 billion. The cost per worker in 2018 was \$1,100. This includes the value of goods or services each worker must produce to offset the cost of work injuries. It is not the average cost of a work-related injury.
4. [https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS\\_686571/lang--en/index.htm](https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_686571/lang--en/index.htm)

# A template for excellence in health and safety



## Frontline

- Feel listened to, and safe to speak up
- Alert, conscious of hazards and risks
- Robust, deliberate, risk-based decision-making on the job
- Engaged
- Feel empowered to stop work if there is a cause for concern



## Contractors/business partners

- Long term-contractors embedded in the culture, and immersion for short-term contractors with appropriate level of support and oversight
- Multifunctional engagement (procurement, operations, legal, H&S)
- Whole lifecycle approach



## Leadership

- Engaged, informed, visible
- Knowledgeable about the hazards and risks on the job
- Connected to the frontline, listening, coaching (observing not inspecting)
- Training /coaching leaders of the future, in the field, practical



## H&S professionals

- Deep technical and regulatory knowledge, understanding of risk mitigation
- Skills in coaching, influencing, communication with operations and business leaders, business acumen
- Proficiencies in data analysis, investigation, root cause analysis, leadership, commercial acumen
- Robust capability development programs to foster H&S professionals of the future
- Knowledge of operations and business context



## Processes

- Clear objectives and measured against them
- Developed with the users, stripped back, simple, practical, user-friendly formats (more pictures, less words)
- Consistent with how the work is done



## Technology

- Alert for new technologies that will deliver risk reduction
- Robust evaluation of business case, needs driven and appraised against the hierarchy of controls
- Deep collaboration in design and deployment through the whole lifecycle



## Data and information

- Available at point of use to support real-time decision making
- Developed with and for users



## Emerging issues

- Alert for issues which can give rise to adverse impacts not on the radar today and agile in reacting before they become a concern



## Reporting and metrics

- Open culture of reporting near misses and incidents
- Timely and accurate sharing to inform and provide insight
- Leading indicators for all aspects focused on outcomes achieved (not incidents) and not volumes of activity



## Emergencies, crisis management

- Permanent standing structure
- Programs tested



## Learning from incidents

- Deep learning and response to incidents and near misses and focused on those that offer the greatest learning potential
- Action-oriented, broad-based changes (corrective actions) to address the underlying cultural and operational issues identified
- Speed and depth of execution



## Preventive approaches and improvement plans

- Occupational safety
- Occupational/industrial hygiene
- Process safety
- Wellness
- Mental health



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Keeping people and assets safe is a fundamental requirement in any business, but often the substantial resources that companies invest in safety still fail to achieve the desired goal. Increasingly, we are seeing that a number of approaches to safety may actually impede progress in improving safety performance, as they are often difficult to embrace, replicate, and sustain.

ERM encourages clients to move beyond traditional compliance and corrective programs so that they can maximize the return on their investments in safety - to safeguard lives, protect assets and strengthen reputation.

ERM helps organizations to:

- **Strengthen their existing safety culture and demonstrably improve their safety performance**
- **Reduce risks by developing skills to better observe unsafe behaviors, identify hazards and empowering people to take action**
- **Enhance the effectiveness of leaders, employees and contractors to promote safer outcomes**
- **Reinvigorate existing processes and programs - maximizing the value of safety investments**

ERM has a broad and diverse global consulting team that includes health, safety and risk management consultants, stakeholder management consultants, data analysts, human factors specialists, engineers, and coaches. With this range of technical competencies and experience across most sectors, ERM co-designs solutions for leadership and culture programs, contractor and construction safety, process safety, fatality prevention, and many other specific client objectives to keep people and assets safe. To do this, we have more than 5,500 people in over 40 countries and territories working out of more than 160 offices.

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