ISO 45001 Speaker Notes for PECB Webinar 4 November 2016 @ 1400-1500 GMT see Slide Deck

An Insight into Context in ISO 45001 incorporating Survey Findings

Slide 3 ISO 45001 How will the Context of an Organisation determine whether they accept it or reject it?

Most of you will know about 45001 and it’s clauses. There are 10, all of which are consistent with other Integrate Management Standards such as 9001/14001. One such clause, 4, is context. Defined in slide 10. Simply put the organisation has to plan for its local circumstances and stakeholders, e.g. legislation, clients and shareholders.

This presentation will outline the external and internal influences which organisations need to take into account.

The global business environment is very competitive and at times subject to criminality. How can organisations successfully achieve 45001 in those circumstances? How can organisations assess their likelihood of success before setting out on the road to 45001 accreditation? How can organisations plan for success by limiting their scope such that they do business with trusted partners?

This webinar is a chance for you to question your role, your organisation and your business and the cultural environmental context to see any advantages or disadvantages for you in either embracing or rejecting the new ISO 45001 standard.

I ask you to challenge your ideas and beliefs, look at yourself and your business and your role in the community in which you operate.

Slide 4 What is the Timeline for publication of ISO 45001?

See slide for dates.
Second Draft International Standard due June 2017
Publication of Final Standard due late 2017
The graph shows respondents answers to their understanding of Leadership, Context, Risk and Worker Involvement, these being important standard clauses

In terms of context, before we go into details of the definitions in the draft standard, ask yourself and reply honestly to yourself, (no one is listening), “What kind of an organisation do you work for?”

Is it an "A" lister:

Keen to embrace the new standard that will the integrate the h/s operational system into other business functions, such as finance and production

Keen to promote the advantages of attaining, affirming, accrediting your status in accordance with 45001?

The results of this snapshot survey tend to be an analysis of those who would aspire to be an "A" lister

What is your role in the context of your organisation?

How far can you persuade, influence, determine or even dictate acceptance and implementation.

What are the rewards? Financial or reputational benefits and whether you can find some other gains to make implementation a desirable goal

Furthermore think honestly how far can you extend your influence by sanction or rewards to your supply chain?

Or are you a "B" lister?

Not a mover and shaker but one of those who are prepared to comply to a point but then see a profit motive as an imperative and only reacts in retrospect to an event: the money before lives approach.

Or are you a "C" lister, an observer who feels that while you would wish to ensure the well being of your workforce the bewildering definitions, constraints and cost for you are too great. Therefore you comply to the lowest h/s denomination you can get away with.
So how will 45001 be simplified for those organisations with limited resources, lack of competence and time? The standard’s makers are suggesting this standard will be appropriate for them too. How this will be done remains to be seen. Possibly through guidance, but we need to bear in mind ISO’s publication will be limited to an appendix. How will this clarify requirements? Will it demystify sufficiently for the C listers to find solutions?

This is the cultural context of your organisation which will influence your take on 45001

**Slide 6 Respondent Organisations using 18001**

It is estimated that 100,000 organisations are accredited or working to OHSAS 18001. Many choose not to work to 18001 precisely because it is not an ISO World standard, nor a beloved National Standard. And there is no imperative to work to any standard.

If successful the new standard is expected to double that number. I suggest probably many more than that in time. Particularly as the larger organisations gain confidence in it and extend their influence to their supply chain.

So what is your current standard of compliance? 18001, 14001, proprietary or non proprietary OHSMS?

Are you confident that you have attained, complied and enforced an audited standard requirements?

Or are you still in the process of working towards this? In which case do you think 45001 is beyond your reach or desirable goal.

And even if you comply how do you evaluate the performance of your supply chain? If they fall sort do you seek other suppliers?

**Slide 7 Size of Respondents Organisation**

More about you and your organisation

How big a player are you?

Do you measure size by workforce or turnover? For example a lucrative service sector could have few employees, highly skilled in a
low hazard environment where embracing the standard would have reputational benefits.

Whereas those in the construction sector for example in a dangerous environment could have a large low skilled workforce - how would this influence their willingness or otherwise to adopt 45001?

Or how about a large workforce on a production line with a simple short chain of management and supervision? They may seem large but in essence they have the resources/skills/competencies for h/s similar to a very small organisation.

This sizing approach is a complex picture which will result misunderstanding and prejudices arising by such stereotyping. This will be a challenge when organisations begin to assess what type of organisation they are willing to accept in their supply chain. An intelligent approach is needed to assess their competence.

**Slide 8 Respondents In Favour of Adopting**

So from this self selected pool of respondents there is a majority in favour of adopting. Extrapolate from this the doubling of 45001 interested organisations. However this is far from a reflection of world organisations as a whole. How many millions must there be worldwide? Therefore it is safe to assume the vast majority of organisations in the world will not aspire to 45001.

**Slide 9 Relevance to Organisations with less than 50 workers**

People naturally think of these as small organisations, but that is not necessarily the case. Multi site, with each site a separate business unit are often classified as SMEs. As can be high value (Blue Chip/Fortune 500) companies with low core employees who contract out to a supply chain.

Nevertheless for the genuine small organisations, will 45001 be adapted or adaptable for them? How will auditors assess them and will the less well resourced organisations be tolerated? Will there be a mitigation approach by auditors?
To pre-empt some of these concerns the ISO has proposed for Management Systems a revision of the current Audit standard ISO 19001

This also triggers the question will organisations try to be just compliant or activate the continuous improvement approach, looking for opportunities for improvement? (A or B listers)

Assessing conformity to Context will require auditors to be skilled/aware of regional/national/global background in order to be consistent across boundaries.

**Slide 10  What does context mean. Definition from DIS**

So this naturally leads to a discussion on the meaning and role of context.

Definitions include cultural, social, political, legal, financial, technological, economic factors, natural surroundings and market competition, whether international, national or regional.

**Slide 11  What are the Practical Influencers of Context**

Businesses operate in a real world situation. They have to respond rapidly to external influences which can be economic, geographic, financial, legal and political as well as cultural or social.

The speed with which they respond will enable them to gain a competitive advantage.

This is the business environment in which an organisation functions, it can be cyclical and at both micro and macro levels. There will be expansion, prosperity, contraction and then recession.

The drive to globalisation is an expression of the need for organisations to iron out these fluctuations to take advantage of the ebbs and flows of prosperity in order to offer to the market place the low cost production and good value of the product to meet expansionary and customer demand.
This may mean outsourcing to differing geographic low cost supply chains and producers. But this poses the question how can the end users control or influence the h/s of their suppliers?

Even in affluent societies there is a business case made for the use of migrant low cost labour which depresses the unit costs of production but in doing so imposes a social cost on the wider society.

This is a means by which businesses seek to minimise costs to themselves of training, development and higher pay.

Geopolitical influences can have tsunami like effects caused by international events such as the 2008/9 banking collapse. Monetary policy either by central banks or international monetary agencies can seek to mitigate the shock waves, but the collapse in business confidence and sentiment can be devastating. For example the dramatic fall in oil prices and its attendant effects on supply chains and government revenues.

This can create political and financial responses, such as controlling interest rates, in order to sustain consumer demand, this could be seen as kicking the can down the road.

How businesses adapt to such rapid change relies on their having a flexible business plan, forward financial planning and reserves and a flexible workforce.

Even on a local level think of a collapse in the housing market, how that can influence even the smallest organisation in sector. The law of the jungle adapt to survive comes to mind.

Geographical location of business can be the physical and environmental forces which influence the location of an industry, especially mining, oil exploration, forestry, agriculture and marine, Where the availability of natural resources is the primary factor in choice of location. These can be high risk frontier environments where safety regulation in notoriously difficult to enforce.

In this practical context control of the supply chains whether in a mine in Australia or a fishing vessel in the Arctic are not best suited to audited regulation.

So, in essence, the practical context of an organisation plays a vital role in the practicability of adopting 45001. And in its effectiveness.
Regulation and 45001 must allow for variation and differences in the cultural attitudes to the way in which business is conducted.

Not only is the pace of business, but the propensity for risk taking, in managing employees and projects and the role of women are subjective to a country. They are the expression of the way in which a culture has evolved and their way of doing business. Even if the bottom line is profit motive cultural differences are still significant and cannot easily be disregarded by the uniform application of a standard.

The standard requires the organisation to seek improvement. This drives process improvement and normally requires capital costs for longer term efficiency. This often results in fewer staff being required. So what about those who are no longer employed? How are they divested from the organisation, what support do they receive?

Customer confidence levels, willingness to invest, appetite to risk, attitude to training are culturally orientated.

What effect will national regulation have? It may be absent, lower than companies goals or over prescriptive or impractical.

Mention Fair Pay and Safe Workplaces Order in USA introduced October 2016. This Order will lead to exclusion from Government contracts and will lead to a second class of organisation. Do not forget there could be infringements of legislation which may not be attributed to a failure of the system, therefore ISO 45001 accredited organisations could enter this second class category. Surely unintended consequences can arise by this well intentioned US legislation.

Generally regulations sets the benchmark which organisations have to achieve. But if that is as far as companies aim they will fail to achieve all the time. So organisations need to aim higher, ISO 45001 for instance, such that there is a comfort/non conformity zone before falling below the statutory requirement.

The ethics of OHS professionals (regionally?) will also influence desirability of being 45001 accredited. e.g if doctors find organisational practices poor will they disassociate themselves and in effect boycott businesses?
Are these needs and expectations of interested parties obligatory to the organisation? There is a distinction in the standard between mandatory and voluntary commitments. Both become obligatory if the organisation chooses to adopt, otherwise only the mandatory will affect the compliance to the OHSMS.

The scope of the OHSMS is self-determined, can include just one division of an organisation, if top management has its own functions, responsibilities and authority for establishing an OHSMS.

In highly regulated, with its own sector standard, how will 45001 fit?

Other factors such as trade associations, lobbying groups, could be a help or hindrance. Likewise the local environment, social influence, community, barriers to entry, cost thresholds to access the sector; will affect 45001 demand.

**Slide 13 Internal Influences of Context**

Staff competence, do they have the ability to do work safely. Does the organisation have OHS competent staff, advice, skills?

Contractual issues, supply chain, customer requirements, are they partners with mutual survival and growth, or are they adversaries only concerned about price and not continuity of supply?

Think of the Bangladesh factory collapse, with production put before safety, clients not imposing higher h/s requirements. How could 45001 be successfully applied in these circumstances? And which organisations would be A, B or C listers?

How can organisations grow, if they have high ideals but their supply chain does not: Global competitiveness.

Other internal influences

- Relationship with investors, moral ethical compliance issues. Regular communication and agreed strategies.
- Relationship with workers/trade unions: statutory requirements to consult.

In the justification to exclude from scope a relevant interested party is the need to provide documented information.
Presented are some examples of well known incidents. The question for you here is "Which category A, B or C are these organisations"?

For instance is BP the A lister and Halliburton the B lister? There is good evidence that production was put before safety? But who made the decision?

**Summary**

Now you have to think how you are going to take this further in your organisation?

Resistance? Find an influencer, persuade them, use them as a champion. to gain the support of peers and of the many.