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The human frailties undermining risk management

The management teams of most businesses know that staff behavioural issues can impact the bottom line. If the organisation's people and processes aren't in line with strategic objectives, performance will suffer. However, how often do risk managers stand back and assess the impact of every day human weaknesses on the effectiveness of the risk management program?

There are a range of commonly occurring human-based obstacles to the successful operation of risk management programs, which need to be monitored and corrected if present in your organisation. They include:

1. A culture that expert judgments can't be questioned

Being overly confident of the accuracy of expert judgements on which your risk analysis is based, without questioning whether the judgement fits the context of your organisation and activities, can lead to failures in the risk analysis process.

2. Failure to systematically learn from mistakes

Without procedures in place to systematically capture and analyse information about why and how things go wrong, and to use this information to continuously improve the risk management program, the organisation will likely suffer more, and more serious, failures of the risk management program.

3. A culture that allows senior personnel to throw their weight around

'Just do it' can be famous last words if they prevent the proper risk assessment of proposed organisational activities.

4. Overconfidence in the ability to predict

Risk management requires the prediction of what might go wrong (or right) and how bad it could be (or good). However, flexibility needs to be built in so that the organisation is still prepared to respond when the reality outstrips the prediction.

5. Believing your own myths

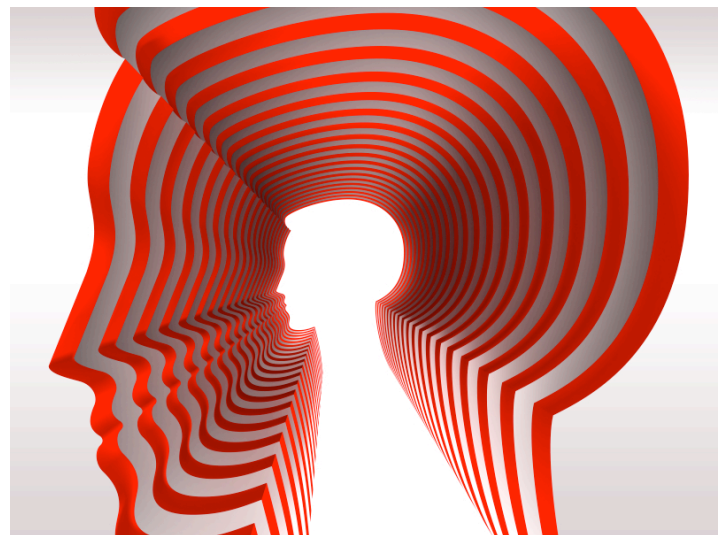
In this context, organisational myths are cultural stories and unwritten beliefs that define the way things are done and socialise personnel into 'fitting the mould'. Sometimes these myths include ways of doing things that foster risk-taking or prevent good risk assessment.

6. Failure to value lost opportunities

Most people can judge the value of loss but are less able to judge potential gain. This leads to risk aversion and a focus on risk prevention, but a failure to identify and pursue opportunities.

No matter how experienced your in-house risk management team might be, there is always a risk of becoming too insular and failing to see the operation of these and other human-induced failings.

The best way to keep a check on such issues for your organisation is to regularly conduct an external third-party review of the risk management program. QRMC conducts such 'risk program audits' for a range of organisations and we find they benefit from the systematic review and the provision of recommendations to achieve best practice.



Best practice safety management for contractors

It's been some years since the Australian Taxation Office made the definition of employees vs contractors more clear so as to ensure that organisations correctly categorised and administered their workforces.

Occupational health and safety legislation across Australia has also evolved over time to more clearly define the responsibilities of both employers and contractors, and case law has further informed this process. However, many organisations still find the situation confusing and do not clearly understand their responsibilities.

Critically, from the perspective of the employer's responsibility to provide a safe working environment, it is clear that there is no distinction between an employee and a contractor. Where a condition or practice in the workplace that an employer can influence exposes a worker to risk, whether the worker is an employee or a contractor the employer is still responsible, and liable in the case of a safety breach.

Therefore, when engaging contractors to undertake specific tasks employers should either undertake a safety risk assessment as they would for their employees, or require that the Contractor undertakes their own risk assessment (and check that it is adequate). Having assessed the risks and applied the [Hierarchy of Controls](#) where possible, employers should carefully document the tasks, the safety responsibilities and safety controls for the contractor.

Each organisation employing a contractor needs to check on their obligations in accordance with the legislation and regulatory authorities in their legislative jurisdiction and their industry, however at minimum a good contractor procurement checklist should include:

1. Check contractors meet any necessary Certification or Permit requirements

2. Check the contractor's OHS system, procedures, documentation and implementation
3. Assess the contractor's safety record
4. Ensure that a safety risk assessment of the task to be assigned to the contractor has been undertaken
5. Document the risk assessment and controls, and any necessary safe work procedures and include these in the contractor agreement
6. Check that the contractor's intended approach to the work is logical and meets safety requirements
7. Ensure that appropriate induction and training has been conducted
8. Supervise the work at crucial junctions, conduct site surveillance regularly and check the Contractor's records e.g. risk assessments, toolbox talks, site inspection reports
9. Ensure that appropriate monitoring and reporting processes are in place



If the contractor has limited OHS management skills, assist them (and your own organisation) by providing advice on:

- understanding hazard management techniques and the relationship to duty of care
- proactive safety principles
- strategies to balance safety and productivity issues
- understanding critical human factors such as risk-taking behaviours
- how to develop strategies and modelling to motivate supervisors and staff on safety.

Contractors without appropriate OHS systems in place can also be referred to third party providers who can assist them to develop and embed suitable processes. QRMC provides these [services](#) with the critical underlying philosophy that all systems need to be tailored for the particular context in which they are to be used in order to improve the chances of successful implementation. QRMC can also assist you to review and improve your contractor management processes.

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