

# Corporate Governance – The Role of the Safety Professional

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## Introduction

Corporate Governance requires that the conventions and rules which direct the relationships between all the stakeholders ensure that the framework of structures and procedures effectively achieve growth and stability whilst maintaining the integrity of the organisation and the stakeholders. However, this definition, taken at face value may exhibit blithe ignorance of the dialectic that governs the working out of the contradictions that are inherent in the differing spheres of influence within an organisation and its social milieu. This in turn impacts upon the organisation's efficacy in creating the correct conditions for achieving growth and stability.

In the context of this congress it is appropriate to focus on the role of the safety professional in the context of the organisation's responsibility to ensure the safety of the workforce and others who are affected by its activities. The safety professional exposes some of the contradictions that pervade the issue of effective governance, in particular when, as a function of management, that role conflicts with the notion that the competent company is composed of proficient decision making employees. All too often responsibility for safety falls to the safety professional and, despite monumental efforts on his part, he is often under-resourced, under-valued and scapegoated for failure on the part of fellow managers. Here-in lies the contradiction; a dichotomisation has been created whereby safety has been separated from and transformed into an adjunct to a task where once it was an integral aspect of competent performance by each worker. As an adjunct it is susceptible to "bottom line" thinking whereby the "unnecessary" is jettisoned in the face of dwindling profitability, and held onto only to the extent that legal minimums are met. Maharaj argues that the organisation that takes the reactive problem-solving approach to safety will generally have a perception that safety issues are divorced from day-to-day business operations and are thus sub-ordinate to their demand on the time of senior management.

## Ethical Governance

The OECD Principles of Corporate Governance have established that the governance framework should recognise the rights (as qualified by law and mutual agreements) of stakeholders and encourage the active co-operation between the corporation and its stakeholders. Implicit with in this is the logical necessity that the achievement of wealth, jobs and the sustainability of financially sound enterprises will not occur without the recognition of and action upon those rights for their fulfilment. It follows from this that there is some form of ethic that underpins rational and effective governance in as much as the governing body accepts that it is right and fair to act in this way; the alternative is a too mechanistic approach to meeting these requirements that seeks solutions in fixed structures and rules.

In the UK, Boardman and Lyon have explored the moral underpinnings of corporate governance:

*Any business operates with the consent of society as a whole. Be that by adhering to specific legal constraints such as company laws, or, more broadly, due to general societal acceptance of the 'business they are in' and the trust that they will operate within generally accepted 'good business practice'. As a consequence of this, business leaders have a moral obligation not to abuse the trust placed in them by broader society".*

In this they have a preference that directors of corporations work to guidance on best OSH practices as opposed to formal legal rules that may ultimately restrain the development of best practice. Guidance contains the necessary room for creativity that is capable of recognising the contradictions that arise amongst the conflicting interests within the organization and developing innovative outworkings that will continue to achieve corporate objectives.

And universally, the OECD principles stipulate the establishment of corporate ethics that will ensure compliance with laws and standards and an oversight of all the control systems for financial reporting.

### Corporate Structure and Safety

Within the totality of stakeholders we can isolate the two primary elements responsible for the effective governance of the organisation, namely the Board and Management. The Board, accountable to the stakeholders, is responsible for the strategic direction of the organisation in the attainment of the corporate objectives, including the setting of those objectives; the what, why and how. The management is responsible for the day-to-day activities that are necessary for the setting and achievement of interim targets that go towards meeting strategic objectives; they ensure that the objectives of the company are met in a manner that is effective and non-injurious.

To achieve this it is essential that these two elements are aware of and work within their respective roles such that there is no superfluity of function that permits the one to overlap significantly with the other, thereby negating, or at best severely restricting the functionality of both.

OSH governance means that the board recognises the intrinsic right of all workers to a safe and healthy work environment and establishes the fundamental premise that the organisation will actively advance systems and procedures that ensure this right, i.e. a safe and healthy work place is not an objective to be attained in the future but a right to be exercised in the present. Thus for the company there can be only one standard of performance, namely that they produce their products and services in a manner that will not injure workers or others, and that straightforward position, extended, includes no damage to the environment or to profitability.

In the light of this, the task of management is to determine the operational outcomes, provide the necessary resources to achieve these and to periodically review the operation to consider the possibility of failure prior to commencement, during the process and at various other appropriate stages. In this regard necessary resources includes the engagement of a competent workforce well versed in the requirements of their tasks and fully authorised to make decisions in respect of the safety of themselves and others effected by their actions.

An inherent dialectic lies in a tendency for the board either to engage in the day-to-day management of the business or to ignore completely the management of the business leaving it exclusively in the hands of

management undirected by corporate objectives. And where the latter is the case, a tendency may arise within management, because of their need to have a corporate direction, to create that direction and in turn to develop a desire to have greater input to corporate decision-making or by their actions on the ground, to direct the organisation in ways inconsistent with its objectives.

The mediation of these contradictions is realised in the development of distinct and separate functions for both parties whereby the Board will provide strategic guidance on management coupled with effective monitoring and oversight of internal controls; and management on the other hand will exercise its functions in a manner that supports and motivates employees to improve the level of performance in accordance with external and internal objectives (Maharaj R.)

## The Safety Professional

An effective organisation, aware of its strategic objectives, recognises and undertakes what is necessary to achieve those objectives and in a manner which is consistent with the overriding objective to produce products and services in a non-injurious fashion. There is an ongoing dialogic that requires that the participants continually reflect upon what they are doing and the reasons for doing it. It is holistic in approach and organic in its development synthesising the reflections of all into a complex whole where each person exercises necessary functions vital to the success of the business.

In this system the function of the safety professional can no longer be viewed as one who is an adjunct to management, in post to meet a perceived legal requirement or to “satisfy” in a technical sense corporate obligations to the safety of the workforce. As a “safety manager” he neuters the effectiveness of his colleagues who are charged with the management of departments, processes and other systems. Nor does he take responsibility for safety, as that is an integral element of individual and collective performance each person being himself responsible for and authorised to take decisions on matters of safety within their sphere of activity.

As a generalist advisor, he runs the risk of being superfluous in a competent company where each person is a specialist in their own vocation/profession and the sum total of safety competence dwarves the knowledge and competence of the safety generalist. Whereas as a specialist adviser he would become less of a safety professional and more of an engineer, chemist, specified operative, etc.

It is a finding of IOSH that the safety professional would in effect work himself out of a job as workers and managers become sufficiently competent and resourced. And in this, coupled with the corporate obligations of the organisation to ensure the present safety of the workforce, we find the role of the safety professional.

Reporting a death toll at some 2.2 million per annum from workplace safety and health failures at the last World Congress the ILO has produced a stark statistic that reminds us that the objectives of effective corporate governance as regards the rights of employee stakeholders to a safe and healthy work environment is along way from being achieved. While advances have been made in the ethics that should underpin governance the size of the safety profession, in particular regions, is growing and so too are the statistics (in 1999 ILO reported more than 1 million deaths).

What is required is not necessarily more safety professionals such that every company and business can employ or have access to their services; but that the profession assesses its efficacy and redefines its function and role in assisting companies achieve the levels of competency necessary to achieve non-

injurious performances. In that regard the safety professional will stand apart from the board and management, apart from operational and strategic decision making, acting as an advisor on the principles of achieving a competent and effective organisation with specific regard to safety. He is a valuable adjunct to a process of change fully aware that once that process has effectively concluded the transformation his function too must necessarily change.

The principles that he will advise on are those that make possible the development of organisational competency, that facilitate the transference of necessary authority up and down the hierarchy, that release the strictures of redundant arrangements and systems that stymie the effective performance of an organisation. His function is to assist the company clarify their safety obligations, to input information where necessary to aid strategic decision making, and be part of the guidance that is available to management. He is a theoretician who can assess and identify what is required to make a company competent and how that can be achieved.

By

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