



Contractor Management & Behavioural Safety

Background

This document describes the outcome of a project in which Charles Shoesmith worked with a major oil and gas company in the UK to develop a positive approach to encouraging contractor organisations to improve their effort and performance in relation to health and safety. The project took place prior to Charles launching the Psychalogica company.

The context for the project was operations and maintenance of a large on-shore oil field located within the UK. The project formed part of a larger set of activities targeted at improving safety performance and the safety culture at the site.

The Problem

Most organisations now have high expectations regarding their level of safety performance and “zero incidents” is now a widespread objective. For many of these organisations one of the main impediments to achieving 100% safety is seen as being the behaviour of contractor employees. The evidence for this typically is argued to be reflected by the disproportionate number of incidents that involve contractors.

The Key Issue

The key issue in responding to this problem relates to how the host organisation can exert greater influence over the behaviour of contractor employees. In addressing this issue, it is of importance that the host organisation has an understanding of behavioural theory and in particular how this relates to safety management. As will be seen below, there are a number of factors that need to be considered and what must be understood is that simply holding the contractor organisation responsible for the behaviour of their employees is unlikely to be sufficient to generate the levels of safety performance the host both requires and aspires to achieve.

Background To The Problem

The problem arises from the fact that safe behaviour is not necessarily the natural or preferred behaviour in many circumstances. As human beings we are all inclined to take unnecessary risks because at the time it makes sense to us to act in that manner. What this means is that if we want people to behave safely then we have to exert influence so as to be able to override the natural attraction associated with taking a risk. How the host organisation sets out to achieve such influence is critical and there are two fundamental levels at which it needs to focus.

The first of these relates to its own safety culture and in particular how strong this is. This culture is defined by the unwritten rules and social norms that exist and serve to dictate how people will behave. In a strong culture, the effect is deep and creates a sense of uniformity in what people do guided by an established and valued set of unconscious and unquestioned habits. In effect, it's how things are done around here!

The second relates to how safe behaviour is managed actively on a day-by-day basis through the various systems and procedures that are put in place and the associated management practice.

Clarifying Expectations

From the above, it is evident that the stronger the host culture then the more consistent and clearer the management of safety will be to an outsider such as a contractor employee. As human beings we tend to seek to conform when we are in unfamiliar surroundings. In this respect it is most important for the host organisation to seek to establish a strong safety culture. This is an important aspect of contractor management.

Following on from this, the host organisation then needs to convey their cultural expectations when negotiating with contractor organisations and to ensure that these are both understood and accepted at contractual level. The greater the clarity as to the nature of these expectations then the greater the degree of influence that will

result. Once these has been established at organisational level, it follows that it is also important that these expectations are communicated in clear terms to those contractor employees who will be working with the host organisation. In addition to this focus on clarifying expectations, it should also be made clear what the *bottom-line* is and the sanctions that will be applied if practice at any level falls below this. In effect the aim should be to achieve absolute transparency as far as expectations are concerned and therefore to avoid any “nasty surprises” in the future.

Capability and Performance Drivers

Such a strategy if managed consistently should ensure that a “minimal level of compliance” is achieved as long as it can be assured that those working on site have the capability to work and behave in a safe manner. In this respect, the host organisation will need to consider carefully the various other performance drivers (productivity, quality) and to ensure that these do not compromise safety through an over-emphasis on driving productivity at the expense of safety. This is a complex issue in that contractors are often under pressure to achieve productivity targets – either externally imposed or internally derived - as part of the contractual relationship.

Minimal Standards

The establishment of clear expectations and the enforcement of the “bottom line” through the threat of sanctions will achieve a level of minimal standards as long as there exists consistent management. This is, in behavioural terms, a negative reinforcement strategy and can only ever deliver minimal compliance and therefore standards that might just satisfy but will never excel. For those organisations seeking the highest levels of safety performance, such a strategy therefore falls short of delivering what is required. The aim in such organisations is to achieve a position of self-management in which all employees both value and act safely at all times, not just because it is a requirement but because they choose to do so. The question therefore with respect to contractor management is how to encourage both the

contractor companies and their employees both to value and to seek to always work towards achieving the highest levels of safe behaviour and safety performance.

Factors Inhibiting High Performance

If there exists a significant lack of alignment with the respect to the culture of the host organisation and that of the contractor, then problems are likely to emerge particularly in how the employees behave on site. Tackling this problem is fundamentally a leadership issue for the contractor company. The lead taken by senior management within the contractor company will serve to set the standards for how its employees behave. A specific issue here relates to the need for the contractor company's leadership to accept fully and to value the expectations as clarified by the host organisation. In turn they will then need to ensure that these expectations are actively and positively managed throughout all of their activity. Every opportunity should be taken to reinforce identification with the safety culture of the host organisation.

A further issue relates to how contractor employees are treated by the host organisation especially in comparison to how it treats its own employees. This is something that can seriously hinder the willingness of the contractor employees to identify with the host culture and associated expectations. This is a challenge for the host organisation and every attempt should be made to make the division between different workers on site a "seamless" one. In practical terms there is a need to ensure that all those working on site experience the same conditions and feel equally valued. Otherwise, how can the organisation expect contractor employees to reciprocate through valuing what they represent? This needs to go as far as including such employees in any system in which safety performance is recognised.

Exceeding Minimal Standards of Performance

An approach based upon the application of sanctions whenever performance or behaviour falls below that required has various costs associated with it such as the need to "police" compliance and the effects on employee moral and motivation. A

further issue relates to the possibility of losing “good” workers through the consistent operation of such an approach given that such workers can at times make a mistake or take an unnecessary risk. Most importantly, and as we have already indicated, a negative reinforcement strategy can only ever achieve sub-optimal levels of safety performance.

With respect to contractor organisations, the response to such a strategy will typically be reflected in effort to ensure that the contract is not lost rather than effort directed at maximising safety performance. This may even go as far as trying to ensure that any incidents or safety violations go unreported which in turn means that a source of important learning can be lost to the organisation. Similarly, for the individual, the emphasis will be on them keeping their job rather than making every effort to achieve the highest standards possible. The logic here is that why make the additional effort to exceed the minimal standard required when there is nothing to be gained for what is regarded as *over-achievement*.

If, in contrast to the minimal standards approach, the aim is to achieve the highest standards with an emphasis on continuous improvement then there is a need to adopt a positive management approach so as to encourage effort that goes beyond the minimum. With respect to both the organisation and the individual an important consideration will be “what’s in it for them” to engage in the extra effort required to achieve best practice standards.

The strategy needs to focus at both the organisational and individual level but should start with the former. In short, the host organisation needs to make it worthwhile for the contractor company to make the extra effort to exceed the minimal standards set out in the contractual expectations. Whilst one way of tackling this is through some form of gainshare approach, in which the contractor organisation can benefit financially, there exist wider and better possibilities that can be considered.

What matters to most contractor organisations is their ability to both retain current business and to extend their client base through the winning of new contracts. What follows is a strategy that is designed to influence a contractor organisation’s effort to achieve more than the minimal standards of safety performance through providing

as an outcome for their safety effort some formal recognition in the form of accreditation. As will be seen, implicit within the strategy is an emphasis on the contractor company adopting a positive approach with respect to how it manages and influences the behaviour of its employees.

It is important to stress that the strategy includes an emphasis on achieving the minimum standards and the application of sanctions if such standards are not achieved. Also, built in to the strategy is some emphasis on taking into account the contractor's safety incident record. However, the main thrust of the strategy is to encourage contractor organisations to seek continuous improvement, in the pursuit of achieving the highest standards, in how safety is managed and the level of performance achieved against a basket of leading indicators.

Summary

Both our anecdotal experience and behavioural theory tells us that we will apply effort to achieve something if the expected outcome is of value to use and highly likely to follow within a reasonable time frame. This is true for individuals at all levels of an organisation. The Contractor Management strategy developed at the site builds on this principle to ensure that valued consequences are available but contingent on performance on a number of clearly defined behaviours. For the Contractor organisations the incentive for high and consistent achievement is formal recognition, enhanced reputation, and favourable treatment during the tendering process for future contracts. For the individual, this can mean enhanced job security although this is unlikely to be tangible enough. What therefore is required within each contractor organisation is how to motivate the workforce to apply consistently the effort required – after all it will be their behaviour that delivers the results for the company.

The Contractor Enrolment Strategy

We aim to measure and positively reinforce the commitment of *contractor management* to the safety of their personnel at the site.

The proposal does not rely on financial reward. Instead the system identifies a range of benefits that contractor companies recognise as beneficial, and arranges access to those benefits depending on performance. Furthermore, the emphasis is on continuous improvement – recognition is linked as much to efforts to improve as it is to the standards achieved.

Significant within the scheme is a star rating system, carefully designed to represent and drive continuous improvement. Achievement of stars is linked to:

H&S Partner Rating	Requirements
☆	<ul style="list-style-type: none"> • Formal sign up to programme by senior manager • Incident investigation procedure agreed • Prepare H&S Development Plan • Performance matrix agreed • Formal selection of a safety rep, or (for smaller companies) formal sign-up to a safety rep constituency
☆☆	Above plus: <ul style="list-style-type: none"> • \geq 30% delivery of H&S Development Plan • Quarter average performance matrix score 700 – 899 • Where the employing company, Safety reps attendance \geq25%
☆☆☆	Above plus: <ul style="list-style-type: none"> • \geq 60% delivery of H&S Development Plan • Quarter average performance matrix score 900 – 1099 • Where the employing company, Safety reps attendance \geq50%
☆☆☆☆	Above plus: <ul style="list-style-type: none"> • \geq 90% delivery of H&S Development Plan • Quarter average performance matrix score \geq 1100 • Where the employing company, Safety reps attendance \geq75%
☆☆☆☆☆	Above plus: <ul style="list-style-type: none"> • Maintained performance over this and previous 2 quarters • Sustained no DAFWC or RI in this or previous 2 quarters

Full definitions for items in this table are listed in the appendix

Benefits to Contractor Companies

All starred companies

- All starred companies will be invited to attend the Management Safety Meeting (MSM), a committee of contract and operator management, where they can influence safety policy at the site.
- List of "Safety Partners" with star rating in site main reception visible to all visitors.
- Contractors may request Letters of Commendation, objectively stating achievements, which may be used in the pursuit of other business. This can include the use of the operator contract manager as a reference.
- When considering tenders, the star rating will be taken into account.

4★ companies : As above plus ;

- 4★ certificates for display on site or in contractor Head Office
- Operator will inform sister business units when a company achieves 4★ status
- Permission to use operator logo and star rating in company stationary, subject to approval of copy
- Permission to name operator in any trade advertisement, subject to approval of copy.

5★ companies : As above plus;

- 5★ certificates for display on site, in contractor Head Office
- With commercial limitations, contracts with 5★ companies would not go out to tender – this aligns well with federal contracts where continual high performance retains the contract.
- 5★ companies could be guaranteed inclusion in the tender list for appropriate work at this and any other business unit
- Operator will inform sister business units when a company achieves 5★ status.
- The operator Leadership Team will review 5 star performers and where possible consider awarding increased business.
- 5 star companies may be offered the opportunity to subcontract a less successful or new company, at the discretion of the operator Leadership Team.

Benefits to Operator

- Contract management take greater responsibility for driving safety performance.
- Greater emphasis on teamwork through closer alignment of safety objectives

Administration

The Management Safety Committee, consisting of representatives of Operator and Contractor Management, will administer the scheme.

The scheme is designed to align with any requirements expected of federal contractors. Therefore, as far as possible, the performance matrix should use KPI's already being measured. Where a Safety Improvement Plan is already in place, this will be acceptable as an H&S development plan.

Historical data may be used in the agreed performance matrix, to demonstrate that a company's track record is deserving of a higher initial rating.

Data will be submitted monthly and reviewed by the MSM. Star ratings will be awarded quarterly following the Quarterly Performance Review with the Contract Accountable Manager (CAM). Ratings will be awarded on the basis of 3 months sustainable operation at the performance level required.

In agreeing the performance matrix, consider the location of work and change weighting accordingly. For instance, in the lower risk office environment, less weight may be placed on LTIs and RI than on inputs.

All companies should be considered for the scheme, regardless of time on site or size.

Treatment of subcontractors

Where a contractor employs a subcontractor, the inputs and outputs for that subcontractor will apply to the contractor by default. However, if the contractor has a concern over the performance of the s/c, or believes that the s/c would benefit, the contractor may require the subcontractor to enrol separately onto the scheme. Under these circumstances the Performance Matrix score of the s/c should appear as a single line item on the Performance Matrix of the contractor

Transient workload

Where there is a great variability in the workload or presence on site, the company and CAM may agree that:

- Performance matrix targets can be pro-rated according to manpower/manhours worked
- Where no work is done in a quarter, the company may retain the star rating of previous quarter

Under-Performing Companies

The scheme will focus on positive reinforcement of effort and achievements. In a small number of instances negative consequences may be necessary.

The site Leadership Team will review the performance of a company that ;

- refuses to sign up to the scheme, or
- fails to achieve a star rating of 3 stars within 12 months, or
- falls below three stars and fails to improve within 3 months,
- suffers a LTI or Recordable Injury

In these circumstances the site LT may elect to:

- revise the companies performance matrix, making it more *or* less challenging
- issue a warning to the company
- request a revised HSE development plan.
- reduce that company's share of business or re-tender the contract, subject to relevant contractual conditions.

Consequences for Federal contracts would be pursued through the Federal process.

Guidance on Performance Matrices

The performance matrix should be an individual matrix agreed with each company. It should reflect the type of work and workload (manhours on site). The performance matrix may use existing federal or company internal KPI's that are already measured.

The Minimum number of measures is five (5). There is no maximum but we suggest they should be kept small to start. Additional measures may be introduced at a later date, adjusting weightings to accommodate.

A Performance Matrix may include, but not be limited to :

- Company's own internal measures.
- Active or completed Safety Leader Scorecards
- STOP cards that are positive
- ASA's reported in Traction
- Company Senior Management visits to site and doing an behavioural audit
- CAM Rating - needs to be mutual and agreed
- Frequency of Near Misses
- No of Personal Risk Assessments (PRAs)
- Performance score of subcontractor companies
- No. of formal in house meetings held
- Audit scores on PRA's, WCC's etc,
- Environmental inputs

Where possible a numerical measure should be matched with a quality measure, i.e. a target on NUMBER of PRA's could be matched with a target on % SCORE ON PRA AUDIT.

The total weighting should add up to 100, so that the "target" score is equal to 1000 points.

LTI's and Recordable injuries are NOT included in the matrix. Points are deducted for number of LTI's and RI's suffered in the month. Scoring for this is


For every LTI - 460 points
For every RI (OSHA definition) - 230 points

Any LTI or RI will trigger a review by the site LT.

Key indicators / Standard score	Monthly Inputs	5	6	7	8	9	Target 10	11	12	13	Weight X	Standard Scores	= Points
Number of safety leaders with active scorecards	24	1	5	10	15	20	30	35	40	50	20	X 9	= 180
Average number of observations (returned) per day	70	15	30	40	50	60	70	80	90	100	20	X 10	= 200
Number of ASA completed and recorded on Traction per month	70	20	40	60	80	90	100	110	120	130	20	X 7	= 140
Number of Stop cards being completed per month	318	60	80	100	120	140	160	180	200	220	20	X 13	= 260
Frequency of near miss reports (month)	108	60	70	75	80	85	90	100	110	120	20	X 11	= 220
Total before deductions							Target				1000		1000

Deduct the following:	Points/ incident	Number	Deduct
For every DAFWC suffered in the month	-460	1	-460
For every RI suffered in the month	-230	0	0
Total deductions			-460

January's score 870
 February's score 850
 March's score 960
 April's score 540

Key
 Value achieved

Total score this month	
Points achieved	1000
Deductions	-460
Total score this month	540

FOR EXAMPLE ONLY

Appendix : Definitions

Formal sign up to programme by senior manager

This should be by letter addressed to the Business Unit Leader. The letter should come from a senior manager in the contractor company, who has direct line accountability for safety of that company on the site, but is not based at the site.

The letter should state that they have read and understood the terms of the scheme and that the company wishes to participate.

Incident investigation procedure agreed

The purpose of this requirement is to show that the company has a clear process for investigating incidents and learning from them. The procedure should be agreed with the CAM/ BRO or the operator employee with line accountability for the contract. An existing SMS interface document may be used to demonstrate an agreed investigation procedure.

Prepare HSE development plan

This should be a plan to *improve* the company's safety performance at the site. Plans should be 90-day duration commencing on the 1st day of every quarter. Delivery against plans will be judged at the end of each quarter by the MSM. An existing company HSE plan may be acceptable, provided that:

- It describes what actions will be delivered at the site to deliver the overall plan
- It clearly describes what actions should be achieved in each quarter.

Formal selection of a safety rep or formal sign up to a constituency

Larger companies should nominate a representative of employee's safety.

Smaller companies may formally sign up to an existing constituency by:

- Liasing with an existing safety rep and requesting that they act on behalf of the company's employees
- Identifying the safety rep to the company's employees, as well as describing the duties of the safety rep to them

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- Writing to the H&S team Leader stating which safety rep will be representing their employees

Quarter average performance matrix score

See "Performance Matrices" below.

Scores are tracked monthly but stars are awarded and removed quarterly, based on the average score during the three-month period.

Safety reps attendance

There are four quarterly meetings of the safety reps against which attendance will be measured. Only one safety rep per company is required. This category applies only where the company employs its own safety rep. Where a company has formally signed up to a constituency this will not apply.

The following graph provides some evidence as to the perceived impact of the scheme. Both operator and contractor management recognised the significant benefits achieved. The project was entered in, and received a Highly Commended award in the final stages of the parent company's worldwide performance improvement recognition scheme.

Step Change in Safety

Behavioural Safety, and The Star Scheme was born

