Introduction

Aon Global Risk Consulting (AGRC) undertook a continuation of our organizational management survey with the intent of gaining a better understanding of the safety function and safety professional’s role employed by our clients and other similar organizations. As part of a targeted web-based study, Aon surveyed more than 130 risk, safety, health and environmental professionals to gather their positions on safety best practices, principles and processes implemented within the organizations for which they work. See Methodology at the end of this document for more information.

This report of survey findings is not a comprehensive study across all industries and disciplines. It is a snapshot of the current state and organizational responsibilities of the Aon client base – which is a reflection of the work environment in the United States and Globally.

Industry Representation

Participants representing a broad range of industries participated in the surveys, including multi-industry corporations. More than any survey in the past, manufacturing dominated our respondents in 2012.

Demographics

The size of the respondent’s organization indicated a relatively even distribution of companies. There were 42% of the respondents from organizations with over 5,000 employees, while 58% were from organization with less than 5,000 employees. The largest segment was “500 or less employees” and this may have been due to the inclusion of participants at conferences targeted to smaller employers.
The second question related to the respondent’s area of responsibility. Our results show a relatively even split among the various options presented.
Reporting Structure

One of the often debated questions within the safety profession is “Where should the safety function report within an organization?” Our survey results confirm that there is no consistent reporting structure for this profession.

Aon has consistently found the top reporting structures to be within Risk Management, Operations, Human Resources, and Sr. Operations Management. Risk Management shows a decline from previous results, but this may be a function of the size of participant’s organization as compared to the 2011 survey. Most structures with safety professionals reporting to Risk Management occur in larger organizations.

When asked, “Based on your experience, is this the most effective reporting structure?” 72% of respondents indicated their current report structure was effective. One could infer that although Environmental Health and Safety (EHS) reports in a wide variety of organizational structures, this variety of organizational structure is most appropriate based upon the specific organization’s culture.

Lastly, we asked the 28% indicating this was not an effective structure “Where should EHS report?” 42% indicated Senior Management and 30% indicated Risk Management. From Aon’s experience, these areas are two of the most influential locations for safety to report, based on our global experience.

Responsibilities

Participants have a wide range of responsibilities – with 100% of the respondents involved with safety, followed closely by health, environmental and Workers Compensation. Additionally, nearly 50% are
responsible for wellness. Clearly, today’s safety professional must have diverse technical expertise to perform and manage all required functions of their job.

Sustainability

A significant portion of the participants in our survey are involved in the sustainability program for their organizations, including waste reduction, lowering energy usage, and reducing various emissions. These findings were very similar to last year’s results. This indicates considerable involvement by the EHS professional in the sustainability efforts of their organization.

Workers’ Compensation Management

Our first question in this area was “Who is accountable for workers’ compensation at an operational level within your organization?” 34% of the respondents indicated they were accountable for workers’ compensation.
Many safety professionals are involved in the Workers’ Compensation (WC) management processes – from initial reporting to claim settlement. Investigation and Return to Work practices were identified as the highest involvement while claim settlement continued to show the lowest level of involvement.

Over half of the safety professionals are involved in at least three of the nine WC practices reviewed (see below). This continues to reinforce the concept that a broad range of technical skills are needed to perform the safety practitioner’s job, as well as an increasing knowledge of the financial aspects of safety and claim management.
Appraisal System

Safety practitioners have pursued greater, meaningful involvement of safety throughout their organizations. Responses to the question, “Is Environmental, Health and Safety (EHS) performance a meaningful part of operational management’s appraisal and reward systems?” continue to indicate a majority of these firms do include a substantive appraisal process that includes EHS. However, it is of interest to note the doubling of the “no” responses from last year. Again, smaller organizations are indicating a lower level of operational involvement in the overall EHS process.

EHS Performance Included in Operations’ Performance Appraisal

- Yes: 55%
- No: 26%
- Partial: 19%

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Of particular note is that participants' who responded that safety was effectively structured within their organization had an 11 point positive spread on this question. Sixty-one percent of the organizations who responded “yes” also responded “yes” to this question. Only half of the participants who responded “no” to the effective organization structure question responded “yes” in this area. Therefore, organizations with an effectively structured safety function have a higher likelihood of safety being integrated into their performance appraisal process.

**Safety Budget**

Over 75% of the participants have at least partial control of the safety budget. This is consistent with past survey results. There must be a financial component to the skill sets of the safety professional as budgeting and accounting are needed by the majority of EHS professionals.
Benchmarking

Over half of the safety professionals are leveraging both internal and external benchmarks to measure the success of their programs. Only 12% indicated that they were using no metrics to benchmark their efforts.

The following table indicates the sources used for creating benchmarks within the respondents’ organizations. Most companies are using more internal sources than external data for their benchmarking exercises. It is assumed that the effort needed to obtain the external data for their specific industry is a principle driver for this difference.

The most popular metrics are OSHA, claim frequency, safety related corrective action, and safety related training participation rate. Each was at 50% use or higher. OSHA is the primary external data source, and this information is relatively easy to obtain. The latter three metrics are primarily driven by internal data.
The “Other” category included metrics around safety audits scores, visitor injury rates, and experience modification (EMR) factors. Although this is a very small percentage of the total, Aon has found that benchmarking EMR is becoming more common as corporations are using this as a qualification factor for an increasing number of contracts.

**Injury Rates**

Frequency and severity rates for injuries among our participants show that more than half are below the industry rates by five percent or more. Responses to the severity rates were slightly better than frequency rates. This holds to our general experience that our client base has a better than average experience for both frequency and severity.
Injury Frequency

Accident Frequency Rate Performance

- Above: 47%
- Below: 23%
- Within 5% of Peer Avg.: 16%
- Do not know: 13%

Injury Severity

Accident Severity Rate Performance

- Above: 48%
- Below: 24%
- Within 5% of Peer Avg.: 17%
- Do not know: 11%
Communications

“How frequently are safety related results communicated within an organization” was another topic within our survey. Monthly information on safety results is used by three out of every four of our respondents. This indicates a relatively consistent stream of information is provided to management about safety process and continuous improvement.

Training

A clear majority of the safety professionals are using a variety of methods for safety training. Using a single method of training received less than 10% of the responses for any single method. Again, this follows a best practice approach of varying the delivery mechanism to keep content “fresh” and trainees more involved.
Vendor Services

Most responding organizations outsource a variety of safety related services to augment the skills and resources within their own organization. The Bureau of National Affair’s 2010 EHS Benchmarking Survey likewise reported significant outsourcing to vendors, with firms with more than 1,000 employees nearly twice as likely to use outside services as firms with less than 1,000 employees.

Industrial Hygiene and Training were the two categories of vendor services used by over 50% of the respondents. Industrial Hygiene is a service with a unique skill set and the need for expensive and calibrated equipment. Training has become a more accessible tool with internet streaming applications. The expense of the training resources has remained cost effective with the technology improvements.

Fleet Management

Distracted driving has become a significant societal and employment safety issue. OSHA has launched a major initiative to reduce distracted driving, entering into key partnerships and publicly announcing that they will pursue citations under the General Duty Clause if accidents result and “... we find an employer has set up a situation where an employee has a strong incentive or is required to use their phone and had resulted in an accident that has any sort of personal damage, those are the first cases we want to take on because we think that message will be a very strong one.” 1 OSHA’s initial emphasis is on eliminating texting while driving, and they have issued model programs to assist employers in developing policies to prohibit the practice.

With this in mind, we queried our client respondents regarding current policies in place. Approximately 60% of the participants have a policy concerning “texting while driving”. The largest gain from our 2011 survey is an

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almost doubling of the number of companies that are considering a “no texting” policy. This is becoming an issue of greater visibility, and we anticipate the movement toward having a formal texting policy will continue.

We also asked about the use of key performance indicators (KPIs) for fleet safety outcomes. Over half do not currently have fleet related KPIs. This could be influenced by the size of the organization’s fleet of vehicles.

Larger versus Smaller Employers

We further broke down some data by size of employer (using 5,000 employees as a separation point). There are several factors where there appears to be a variance in how organizations manage processes based upon size of employer.
Benchmark against external sources 69% 56%
Contract externally for safety audits 38% 24%
Contract externally for training 45% 54%
Contract externally for Industrial Hygiene 55% 44%
Contract externally for Ergonomic services 40% 32%

With the exception of outside training, larger organizations more often recognize the need for subject matter expertise and engage outside firms for specialty services in the areas of Industrial Hygiene and Ergonomics. Additionally, larger organizations have a greater tendency to benchmark not only OSHA data but other safety and claim metrics against peer groups for comparison to similar firms. Third party safety auditing is also more prevalent, which may allow these organizations to measure not only lagging but leading indicators.

Conclusion

Among the conclusions which can be drawn from the survey, we find there is currently no established “standard” reporting structure for or within the safety profession. This may be due to cultural factors specific to a given organization – as most believe their current structure is effective.

This is a recurring theme as organizations want to know how others are structured to allow them to model the “best practice” in this area. Again, our data does not show a consistent structure for safety which results in better outcomes. This appears to be a company specific issue and may be driven more by culture than organizational appropriateness.

The safety professional’s job is continually expanding as employers recognize the importance and interaction between safety, employee health, and work-related injury and illness in lowering costs and improving quality of work life. Combined with increasing responsibilities for environmental and sustainability initiatives, safety professionals must continually equip themselves with ever-expanding technical and professional skills which are required in this dynamic profession.

The range of expertise required to perform this job effectively is significant. Often Workers’ Compensation, sustainability, wellness, etc. are needed in addition to the traditional EHS skill sets.

Most respondent organizations are now recognizing EHS performance within formal performance management processes for operational management. The adage “what gets measured gets done” seems to hold true in most firms. Incorporating EHS outcomes into performance management may be one reason our respondents indicated better-than-peer performance when benchmarking injury frequency and severity rates.

Firms continue to supplement their internal safety staff with services from outside the organization – integrating skill sets in a variety of areas: from strategic planning and training to safety auditing and technical assistance on specific issues.
Aon extends our thanks to our clients and industry peers for participating in this survey of the safety profession. Only through their volunteer efforts was the collection of this data possible. We anticipate future surveys to expand and build upon these findings, with survey results made available to participants as well as our client base as we strive to continually improve the safety efforts within our client organizations.

Methodology

The Aon Safety Organization Survey was delivered via e-mail in June 2012, and was also made available during the ASSE Professional Development Conference in Denver and the Michigan Safety Conference in Grand Rapids at the Aon booth in the exhibit halls. 132 clients responded to this Safety Organization survey through the e-mail and on-site channels. We have combined these survey results to produce a report that offers insight into how organizations manage their safety functions. We will continue to develop additional white papers, expanding topics relevant to safety and risk professions.

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