Safety Management Function – Organization and Responsibilities
An Aon Survey

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Aon Global Risk Consulting
Casualty Risk Consulting
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In May of 2011, Aon Global Risk Consulting (AGRC) undertook a survey with the intent of gaining a better understanding of the safety function and safety professional’s role employed by our clients and other organizations. As part of a targeted web-based study, Aon surveyed more than 90 risk, safety, health and environmental professionals to gather their positions on safety best practices, principles and processes. See Methodology at back for more information.

This report of survey findings is not a comprehensive study across industries and disciplines. It is a snapshot of the current state and organizational responsibilities of the Aon client base; the companies of which tend to be organizations with more than 500 employees – in many cases much larger.

Industry Representation

Participants representing a broad range of industries participated in the surveys, including multi-industry corporations.

![Respondents by Industry](image)

Reporting Structure

One of the oft-debated questions within the safety profession is “Where should the safety function report within an organization?” Our survey results confirm that there is still debate, with no clear standard reporting structure or rule. Respondents exhibited nearly equal representation regarding reporting lines.
Aon has consistently found the top three reporting structures to be within Risk Management, Operations and Human Resources. Often, reporting relationships to Senior Operational Management result when Safety/Environmental Health and Safety (EHS) is established as a stand-alone department reporting directly to a Chief Operating Officer (COO) or Chief Executive Officer (CEO).

Our 2010 survey included gathering information regarding the reporting relationship leading to the most success and impact of the safety program. Sixty-two percent of companies found the safety function to be correctly placed within their organization for greatest success, while 34% reported they would be more successful reporting to a different department. Of those reporting a successful reporting structure, these safety departments/professionals reported to:

<table>
<thead>
<tr>
<th>Department</th>
<th>Firms Represented</th>
<th>Percent of Respondents Reporting Successful Organizational Placement</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>4</td>
<td>100%</td>
</tr>
<tr>
<td>Engineering</td>
<td>2</td>
<td>100%</td>
</tr>
<tr>
<td>Quality</td>
<td>1</td>
<td>100%</td>
</tr>
<tr>
<td>Risk Management</td>
<td>35</td>
<td>94%</td>
</tr>
<tr>
<td>Operations</td>
<td>27</td>
<td>63%</td>
</tr>
</tbody>
</table>

For those reporting that they would be more successful in another department, the least successful reporting relationships were:

<table>
<thead>
<tr>
<th>Department</th>
<th>Firms Represented</th>
<th>Percent of Respondents Reporting Successful Organizational Placement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security</td>
<td>1</td>
<td>0%</td>
</tr>
<tr>
<td>Human Resources</td>
<td>18</td>
<td>28%</td>
</tr>
<tr>
<td>Treasury</td>
<td>9</td>
<td>33%</td>
</tr>
<tr>
<td>Legal</td>
<td>4</td>
<td>50%</td>
</tr>
<tr>
<td>Multiple Departments</td>
<td>6</td>
<td>50%</td>
</tr>
</tbody>
</table>
For safety professionals that could be more successful reporting to another department, a majority believed Risk Management would provide a platform for greater success. Reasons cited included:

1. Ability to demonstrate financial impact to the organization through safety efforts (injury cost reduction and insurance premium impact)
2. Ability to influence allocation systems through the organization for safety resources and injury related costs
3. Integration of safety and prevention with post-accident claim mitigation
4. Ability to assess and mitigate a wider scope of risks facing the firm, including those associated with future business plans
5. Shifting the focus of activities from compliance-based to risk-based and cost reduction activities
6. Reporting to a department that understands the relationship between risk, exposure control, claim mitigation and risk transfer (insurance premium) costs

Anecdotal information indicates that reporting relationships for the safety function outside the United States is likely not as diverse. While only a few data points were received, nearly all multi-national companies have the safety function reporting to an operational business unit within the organization, even when there is a “corporate safety department” within the firm’s organizational structure.

Responsibilities

Participants have a wide range of responsibilities – with 100% of both 2010 and 2011 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 all required functions of their job.
Other organizations have likewise conducted surveys regarding the duties of safety departments and professionals. In a 2010 survey conducted of 161 EHS professionals by the Bureau of National Affairs (BNA), while similar sets of activities were reported, respondents indicated a greater level of activities dedicated to environmental compliance, permitting and reporting, hazardous material disposal, and additional activities in safety product purchase. These respondents, the majority of which were responsible for safety at single-location businesses or a single facility, reported less time spent on both health and wellness and Workers Compensation than Aon respondents. For organizations with more than 500 employees, involvement in Workers Compensation by the EHS department increases. Among organizations with more than 2500 employees, 22% reported having full responsibility for Workers’ Compensation. ¹

**Sustainability**

A significant portion of the participants in the Aon survey are involved in the sustainability program for their organizations, including waste reduction, lowering energy usage, and reducing various emissions. Roughly 80% of the participants indicated their organization currently has a sustainability program in place. Excluding these organizations without a sustainability program, more than 85% of the safety professionals have designated responsibilities within their firm’s sustainability initiatives.

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**EHS Involvement in Workers’ Compensation Management**

Many safety professionals are involved in the Workers’ Compensation (WC) management process – from initial reporting to claim settlement. Initial investigation and Return to Work practices were identified as the highest involvement while claim settlement showed the lowest level of involvement. Nearly half of the safety professionals are involved in at least five of the seven WC practices reviewed (see below). Again, a broad range of technical skills are needed to perform the safety practitioner’s job.

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Appraisal System

Safety practitioners have long-sought greater meaningful involvement of safety throughout the organization. Responses to the question, “Is Environmental, Health and Safety (EHS) performance a meaningful part of operational management's appraisal and reward systems?” indicates a majority of these firms do include a substantive appraisal process.
Safety Budget

Over 80% of the participants have at least partial control of the safety budget.

Benchmarking

Over half of the safety professions are leveraging both internal and external benchmarks to measure the success of their programs. Due to the limited scope of our survey, specific types of data benchmarking used were not ascertained.

Injury Rates

Frequency and severity rates for injuries among our participants show that more than half are below the industry average frequency and severity rates by more than five percent or more. Severity rates were slightly better than frequency rates.
Injury Frequency

**Accident Frequency Rate Performance**

- 15% > 5% Above Industry
- 22% Within 5% of Industry
- 51% > 5% Below Industry
- 12% > 5% Below Industry
- 6% Don't Know

Injury Severity

**Accident Severity Rate Performance**

- 28% > 5% Above Industry
- 13% Within 5% of Industry
- 6% > 5% Below Industry
- 53% > 5% Below Industry
- 6% Don't Know

Future surveys and reports will further expand and refine these benchmarking efforts, including metrics used and breakdown by sector or industry.

**Training**

A clear majority of the safety professionals are using a variety of methods for safety training. Using a single method of training did not receive more than 10% of the responses for any one method.
Vendor Services

Most responding organizations outsource a variety of safety services to augment the skills and resources within their own organization. The Bureau of National Affair’s 2010 EHS Benchmarking Survey report likewise reported significant outsourcing by 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.

Current Issue – Texting while Driving

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 that 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.”

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. Less than 60% of the participants have a policy in place concerning “texting while driving” – with 30% having no policy at all.

**Texting while Driving Policies**

- In Place: 31%
- Not in Place: 59%
- Under Consideration: 10%

**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 within a given organization, or it could occur due to a lack of understanding of the many roles a safety professional performs within a company. If the latter holds true, then management education on the safety profession is needed to bridge this gap and maximize the effectiveness of safety within the corporate structure.

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

Most respondent organizations are now recognizing EHS performance within formal performance management processes, with external benchmarking reflecting better-than-peer performance when measuring injury frequency and severity.

Firms continue to supplement their internal safety staff with services from outside the organization, lending skill sets in a variety of areas, from strategic planning and training to technical assistance on specific issues and auditing.

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 initial findings, with survey results made available to participants as we strive to continually improve the safety efforts within our client organizations.
Methodology

The Aon Safety Organization Survey was delivered via e-mail prior to the American Society of Safety Engineers (ASSE) Professional Development Conference (PDC) in Chicago in June 2011, and was also made available during the Professional Development Conference at the Aon booth in the exhibit hall. Approximately 90 clients responded to this Safety Organization survey through the e-mail and on-site channels. We have combined these survey results with previous surveys to produce a report that offers insight into how organizations manage their safety functions. We plan to develop additional white papers in the future, expanding topics relevant to safety and risk professionals.

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About Aon

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