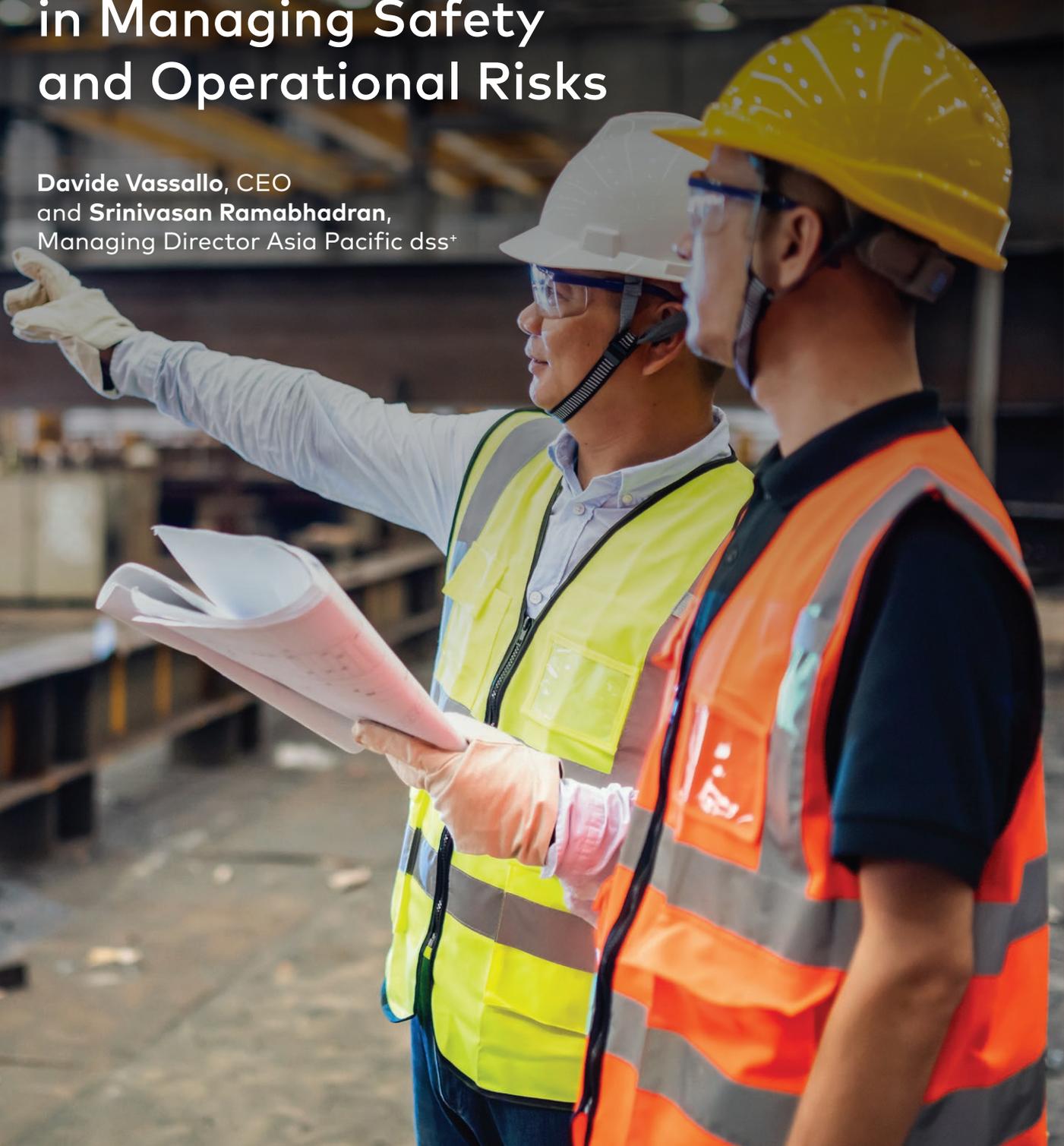


# Leadership Dilemmas in Managing Safety and Operational Risks

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# Leadership Dilemmas in Managing Safety and Operational Risks

As published in the **Industrial Economist**, October 2022.

Most leaders recognize and understand that people are critical to the performance of a successful business. Taking care of the safety of your employees and contractors is not just about doing good, it is a way of doing good business. And to achieve the complementary goals of building a profitable business and protecting employees, leaders must lead the safety performance of their organization and not merely manage it.

Based on interactions with more than 500 leaders worldwide, we have found there are three major dilemmas that leaders are trying to address:

- 1) safety versus risk mindset
- 2) perception versus reality, and
- 3) outsourced specialist versus contractor management.

# 1



## Safety versus Risk Mindset

There is an underlying assumption that "absence of incidents means everything is safe". By focusing strictly on lagging safety indicators, an illusion of good safety performance prevails throughout an organisation. Whilst there is an intellectual understanding of top risks and safety standards that are in place, there is continuous deterioration in the quality of implementation over a period of time. Safety and operations are looked at as two parallel requirements rather than a holistic view of risks associated with safe operations.

Organisations must move beyond compliance, procedures and checklists, and instead, have a risk mindset that looks at leading indicators - at potential risks that could impact the company before they happen. With a risk-based mindset, leaders view risk through a broader lens and understand that risks affect people, quality, productivity and ultimately business performance.

To instill a risk mindset, leaders and employees should identify the areas of risks/vulnerabilities, what controls exist, will those controls work, what assurance mechanisms exist to ensure those controls work and how controls are continuously improved – across the value chain.



# 2



## Perception versus Reality

Every leader wants their employees and contractors to go home safely.

Based on data collected from the dss+ Safety Perception Survey™ (SPS) from 4.5 million individuals, we usually see a gap between leadership perceptions of safety versus the reality of the safety culture within the organization. While leaders believe they spend significant time on safety through safety review meetings or starting a meeting with safety, employees think otherwise. Employees report a passive acceptance and tolerance to violation of safety rules resulting in a poor safety culture.

How can leaders help close the gap between their perception versus the reality reported by employees? First and foremost, leaders should proactively demonstrate visible 'felt' leadership by engaging with frontline supervision and employees in 1-1 conversations about risk and safety outside of meeting rooms, engaging with the shopfloor on potential risks and how they need to be supported and listening to employee suggestions for improvement.

Many leaders feel safety culture boils down to changing the attitudes and behaviours of the frontline worker. By engaging the line organization in governance processes, reviewing leading indicators and helping them understand why they are doing what they're doing, leaders can see a positive shift in behaviours and instill a sense of ownership across all levels of the organization.

# 3



## Outsourcing vs Contractor management

Outsourcing is a strategy used by companies to ensure that the right people with the right skills are doing the right job. With outsourcing, the intent is for the company to focus on its core strengths and outsource non-core areas to specialists to get the job done well.

In addition to protecting employees, it is important that companies protect outsourced employees. However, outsourcing strategies have been diluted and many companies have the tendency to employ contractors due to low cost. Companies expect dangerous work to be done by contractors with lower skills, at a lower cost and expect better performance. There is an opportunity to revisit outsourcing and contractor strategy and address this as a management issue.

Overall, there is a significant need for change in leadership style. Currently, most leaders tend to manage, rather than lead, through safety. By demonstrating visible felt leadership, the amount of discretionary impact that employees and contractors can contribute to the top and bottom line far outweighs the investment in safety.

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