Master of Applied Science
(Occupational Health and Safety)

Thesis

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Employer Associations - Poised to Deliver a Much Improved OHS Performance in Australian Workplaces

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April, 1999
EMPLOYER ASSOCIATIONS - POISED TO DELIVER A MUCH IMPROVED OHS PERFORMANCE IN AUSTRALIAN WORKPLACES

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APRIL 1999
ABSTRACT

OHS is an important economic and social issue in Australia today with over 500 traumatic deaths and possibly in excess of 2,000 deaths caused by occupational cancers and other occupational diseases annually. The economic cost is estimated to be in excess of $20 billion every year (Industry Commission, 1995, p xviii). However, the Industry Commission (p xx) assessed the success of efforts to reduce the OHS problem and report that most people consider there has been no significant improvement in OHS performance despite ten or so years of increased effort and activity.

The need for new strategies and new and innovative approaches to the problem are needed to address the problem and to drive a quantum leap forward in improved OHS performance at the workplace.

Government strategies to date have relied heavily on governments themselves developing and delivering programs directly to the workplace with little consideration of the potential of and opportunities offered by less direct programs that utilise alternative networks to deliver OHS messages and programs to the workplace. However, employer associations and its network offers a cost effective mechanism for delivering new strategies for improving OHS performance at the workplace and is well placed to take a more proactive and substantive role in improving OHS performance in Australian industry.

However, a fundamental prerequisite to this occurring is the need for employer associations individually and as a group to recognise the importance, from a business success perspective, of better OHS performance for their members and their industry sector, secondly, a recognition by employer associations of the central and strategic role that they are in a position to play in providing strong leadership and support to their members in OHS and thirdly, actually developing a strategic approach and delivering OHS programs that address their members specific OHS requirements.
A more strategic and proactive role by employer associations in OHS could provide mutual benefits to both employer associations and their members. From the employer association perspective, a better alignment of OHS services to members needs could contribute significantly towards arresting the overall decline in membership of employer associations. From the employers perspective, a more effective OHS support service provided by their employer association could provide significant OHS gains at the individual employer level as well as at the industry level, where for example, industry wide efforts have a positive impact on industry workers compensation premiums.

The report concludes that:

- employer associations develop a more strategic and proactive approach to delivering OHS programs to their members and to industry

- employer associations strongly promote with government their competitive advantages in delivering a wide range of OHS programs within industry, and

- governments review their current use of employer associations and their networks for the delivery of OHS programs to the workplace.
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EMPLOYER ASSOCIATIONS – POISED TO DELIVER A MUCH IMPROVED OHS PERFORMANCE IN AUSTRALIAN WORKPLACES

Deep Knowledge of Industry Sector
Understanding of Industry needs
Tapping into Leading Edge Members
Tapping into Broad Membership
Make the Links between Disparate Issues Impacting on the Industry
Sharing Industry Performance
Body of Industry Specific Expertise

Employers Views on how well Employer Associations are Meeting their OHS Needs

What are Employer Associations Well Placed to Contribute to OHS in Australia

Employer Trust
Solutions to meet Industry Specific Circumstances
Capacity of network
Make the Links between Disparate Issues Impacting on the Industry
Influence at Key Leverage Points
Influence Environment in which Sector Operates
Repository of Industry Knowledge on Safety Performance
Share Industry Performance
Influence Legislative Framework
Industry Leadership on OHS
Source of Industry Expertise and Information on OHS

Towards a Strategic Framework for Delivery of OHS Services by Employer Associations

Parameters of a Strategic Framework
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OVERVIEW

Introduction

OHS is an important economic and social issue in Australia today with over 500 traumatic deaths and possibly in excess of 2,000 deaths caused by occupational cancers and other occupational diseases annually. The economic cost is estimated to be in excess of $20 billion every year (Industry Commission, 1995, p xviii).

The Industry Commission report (1995, p xviii-xix) on occupational health and safety in Australia describes in detail the parameters of the problem, both in numbers and financial costs, and reports that about 30% of the financial burden falls on employees and their families, 30% falls on the community (eg in the form of health and social security costs) and 40% falls on the employer.

Given the considerable cost the community bears for injuries and disease caused in the working environment, it is appropriate that governments seek to reduce these costs and over the last ten years or so, Commonwealth, State and Territory governments have spent and continue to spend a considerable amount of community resources on OHS programs.

Whilst no solid data exists on the success of government efforts to reduce the OHS problem (although preliminary results from NOHSC’s latest death study suggest some improvement is evident), the Industry Commission (p xx) reports that most people interviewed during the inquiry consider that there has been no significant improvement in OHS performance despite ten or so years of increased effort and activity.

The need for new strategies to address the problem and to drive a quantum leap forward in improved OHS performance at the workplace appears to be necessary. And the Industry Commission (p xvii) indicates it view on a way forward for achieving this outcome when it reports that “There is considerable scope in Australia to reduce the human and economic loss
associated with injury and disease at work. All in the community - employers and their associations, employees and their trade unions, as well as governments - can play an important part in achieving this goal."

To date government strategies have relied heavily on governments themselves developing and delivering programs directly to the workplace with little consideration of the potential of and opportunities offered by less direct programs that utilise alternative networks to deliver OHS messages and programs to the workplace.

This report canvasses the greater utilisation of employer associations and the network of business/employer/industry associations as a cost effective mechanism for driving more effective strategies for improving OHS performance at the workplace. Whilst the employer/industry association network is just one of many networks that employers relate to and make use of in the conduct and operation of their business (eg other networks include solicitors, accountants, suppliers, friends, governments, customers etc) there are a number of factors that make this network a key target for governments seeking new and more effective ways of improving and sustaining an improved OHS performance level in the workplace.

This report seeks to justify governments developing strategies and programs for improving OHS performance that utilise the wide range of networks of advisors that have an influence in the workplace and in particular supporting programs utilising employer associations and their networks and the strategic alliances they develop.

The report is developed around three broad themes, ie a review of the range of competitive pressures on employers doing business in Australia and the barriers they face in trying to improve OHS performance, development of arguments that explain the competitive advantages employer associations have to contribute to business success and finally, the development of arguments on the competitive advantages that employer associations are able to contribute to improving OHS performance in Australia. The various themes are brought
together to propose a more strategic model for providing OHS services by employer associations that also contributes to members' business success and to develop recommendations for both government and employer associations on priorities for providing services not currently well developed but with significant potential for contributing to major improvements in OHS performance in the workplace.

**Study Objective**

The broad objective of this study is to explore the role that Employer Associations can play in delivering an active and sustainable range of OHS services to industry and the potential for greater utilisation of this network by governments in delivering significant improvements in OHS performance in Australian workplaces.

**Specific Study Aims**

The specific study aims are:

1. To review the range of current and emerging competitive pressures on employers in achieving successful business outcomes and the barriers they face in improving OHS performance within that framework.

2. To identify and describe the sources of advice and assistance that employers draw upon in operating their businesses and the linkages with the services provided by employer associations in response to members needs.

3. To develop an understanding of the role of employer associations, their capacity to influence their members and the industry sector in which they operate and the contribution they make to their members business success.

4. To describe Employer Association's competitive advantages in contributing to their industry sector and their members' business success.

5. To describe Employer Association's competitive advantages in contributing to more effective risk control and OHS in Australian workplaces, (ie describe the factors that make the network of employer associations a key target for governments seeking new and innovative ways to influence OHS performance in the workplace).
6. To identify the overlaps between Employer Associations contribution to members business success and their OHS performance that will be self sustaining and contribute significantly to reducing OHS risks in Australia.

7. To develop recommendations for both employer associations and government on strategies and priorities for delivering services with significant potential for contributing to major improvements in OHS performance in the workplace.

Study Methodology

The primary methodology for this study has been a desk based review and analysis of the available literature to identify and draw together the issues, pressures and influences operating on employers and the role of employer associations in that environment. In drawing together the key pressures and influences it is possible to develop an understanding of the potential and practicality of utilising employer association and their network to assist employers deliver improved OHS outcomes and how governments might take advantage of this approach.

Recent and current government and academic reports, papers and views on the business environment of the future and the role of key players in shaping future directions were reviewed in recognition that the role of employer associations is very much massaged and modified by the current economic, political and social directions in society.

The literature review revealed very little has been written about the role of employer associations both within Australia and internationally. In Australia, the major writings are in the industrial relations field and even in this area, there is very little research literature. Comment on the outcomes of the literature review is included in discussion of the various themes developed through the report.
CURRENT OHS PERFORMANCE IN AUSTRALIA

Occupational health and safety in Australia is a significant burden on the community both in human and financial terms and much has been written about the size of the problem. The Industry Commission provides the latest and most comprehensive review of the state of workplace health and safety in their report to the Commonwealth Government in 1995. The report (p xviii - xix) advises that each year:

- around 500 workers die from traumatic injury at work,
- between 650 and 2,200 workers die as a result of occupational cancers,
- up to 650,000 workers (one in every twelve) suffer an injury or illness from work and almost two thirds of these need to take time off work.

The report also points to other less well publicised statistics on the implications of work related injury and disease, for example, at any time:

- up to 140,000 workers cannot work at full capacity,
- over 270,000 workers have had to reduce permanently their hours of work, or change their jobs,
- about 200,000 are prevented from working at all, and
- up to 300,000 persons over the age of 65 continue to suffer from work related health problems.

The Commission argues that workplace health and safety is a significant economic issue, estimating the total cost of injury and disease to be at least $20 billion annually and arguing that just a 10% reduction in injury and disease would increase national income (GDP) by about $340 million.

The Commission (p xix) also highlights on whom the cost burden primarily falls, identifying around 30% of the total cost being met by injured workers and their families, around 40% by employers and around 30% by the community (mainly in the form of social security benefits and health subsidies).
Whilst the size and extent of the problem has been well documented and governments have been very active in trying to improve OHS performance over the last 10 years, a disturbing outcome from the Commission inquiry (p xx) is that most people the Commission spoke to (including many government agencies) believed that the OHS performance was not improving. Most people also believed that there is ample scope to do better (confirmed by pointing to the substantial differences in health and safety performance achieved by employers of similar size in similar industries).

Clearly the size and severity of the issue is significant and past and current initiatives have not achieved the returns that many have hoped for. New and innovative approaches to the problem are therefore needed.

CURRENT AND EMERGING COMPETITIVE PRESSURES ON EMPLOYERS DOING BUSINESS IN AUSTRALIA.

There are a range of significant local, national and international "big picture" competitive pressures shaping the way business and commerce is conducted in Australia today. To compete and thrive in this environment employers must keep abreast of the wide range of issues of relevance or potential relevance to their business, understand the implications of these on their business and the "bottom line" and be prepared to act quickly and flexibly to take advantage of the opportunities that arise. Whilst this rapidly changing environment is challenging to employers, it also provides employers with significant opportunities to address many of the OHS issues in the workplace that are most effectively dealt with at the systemic level. A most obvious example is the opportunities that are created to design out existing OHS problems and to ensure that new OHS issues are not introduced into the workplace as workplaces are reengineered in response to the new and more competitive business environment.
Globalisation, Technical Innovation and Customisation

At the broadest level, Karpin (1995, p2) reports that leading chief executives and academics in the field have identified the three key factors currently shaping world markets and the nature of the enterprises that compete in them as being:

- increasing globalisation,
- widespread technological innovation, and
- the pressure to customise products and services.

To meet these challenges, Karpin describes the move away from a structural model of organisations towards organisations that place much more emphasis on behavioural and interpersonal aspects of strategy. The report also describes the emergence of small to medium sized organisations, that are more agile and creative than larger companies and that compete by using flexibility, speed and innovation, driven by managers with excellent technical skills and all round management ability.

In essence Karpin argues that the key challenge for Australia in responding to these three landscape redefining international pressures is the recognition of the fundamental importance of management and the manager and to adopt strategies to assist in the widespread raising of the overall skills of management at all levels of management.

The Knowledge Era

The world is rapidly moving out of the late industrial era into the knowledge base era where knowledge is the source of wealth, where networking and entering into strategic alliances are the mechanisms that are flexible enough to take advantage of the new environment and where access to information and communication via "superhighway" technologies are now virtually instant. This is fundamentally changing the way we work and how work is organised and management strategies are fundamentally changing to take advantage of the opportunities that these new technologies offer.
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Reduced Protectionism

Significant policy switches from protectionism to a more open trade relationship are also in progress. This brings with it freer trade but at the same time non tariff barriers such as safety standards are emerging as significant issues. Employers need to understand these shifts and seek to promote policy responses to reduce or remove these barriers. In this case the policy response would be to close the gap between Australian requirements and international standards, ie harmonisation. However, this is a highly complex area and one where only the largest of employers can afford to develop and maintain in house expertise. Most employers rely on industry/employer associations who traditionally have had a significant role in assisting members with trade matters both domestically and internationally. Employer Associations therefore would have a key role in many aspects of driving or delivering this objective, through advocacy of members interests in international agreements to minimise impediments to trade such as, the GATT Agreement, MRA's between the jurisdictions, MRA's with NZ, bilateral MRA's currently under negotiation, advocacy to ensure regulatory measures or standards in Australia are compatible with relevant international or internationally accepted standards or practices and the COAG agreed Guidelines for National Standards Setting. However, the significant policy switches from protectionism to a more open trade relationship with reductions in tariffs etc, could also significantly change the relationship of Employer Associations with their clients (members).

The Changing Role of Government

At the national and jurisdictional level, shifts in philosophy on the role of government is driving a shift in perspective on what is seen as legitimate government activity and what is seen as more appropriately left to the market to provide. The removal of government from many programs directly supporting and servicing industry creates many challenges and opportunities for industry seeking to fill the vacuum vacated by government. Understanding the nature and implications of this philosophical change in approach and taking advantage of the opportunities created by these changed circumstances represents a major challenge for employers.
Whilst the changing perspective of the role of government is to some extent driven by different ideologies of the key political parties, the changes are also being driven by community pressure on governments to deliver more. Governments at all levels are under constant pressure to provide an increasing level and quality of service to the community within the resources that the community sees fit to allocate. Existing government programs are continuously reviewed and new programs face increasingly stringent assessment with a view to getting the best value from the available tax dollars.

The consequence of this is that governments are increasingly adopting “user pays” approaches, eg in the environmental area more emphasis on “polluter pays” and in the OHS environment more attention to higher fines for serious breeches of safety. It also places pressures on governments to continually reassess their core business (ie what they should be delivering), what should be delivered by others (the privatisation and outsourcing debates) and to redefine their own roles and responsibilities (eg purchase services from others or deliver services direct). As a result, governments are vacating traditional fields of activity to the private sector, changing the functional responsibilities between levels of government, (eg, the transfer of industrial relations powers from Victoria to the Commonwealth from 1 Jan 97 [see Gov't response to Small Business Task Force Report] and proposals for transfers of responsibilities from the Commonwealth to the States in areas such as aged care, housing etc) and taking on roles that are more strategic than operational, eg managing roads not making roads.

In the OHS context, Caple (1996, p69) has made a similar observation in relation to information dissemination. He believes that the role of governments in relation to information dissemination will inevitably change from a focus on developing and disseminating OHS information to one of servicing the diverse needs of the range of networks that employers use. Whilst Caple provides no rationale for this assertion, the constant pressures on governments and industry to adopt new and innovative approaches could well see governments shift their
efforts towards this endeavour. The concept is consistent with removing governments from service delivery and with the view that working through existing networks could well have significant multiplier benefits not available if the service is provided directly by government.

**Privatisation/Outsourcing**

Business (and governments) are also continually forced to look for new ways of operating their "business" to obtain that competitive edge. This is driving business (and governments) to increasingly focus on "core business" activities and the privatisation or outsourcing what is considered to be non-core activities. This strategy is not just confined to big business. Small businesses are also competing under the same competitive pressures and need to continually adjust their workforce and skill base to reflect their business circumstances. Just what expertise is supported in-house and what is sourced from external (outsourced) sources depends largely on the circumstances and opportunities that exist and what the business sees as its core business.

**Fundamental Changes in Industrial Relations Policy**

Changes in industrial relations policy at State and national levels are also providing new ways of working for employers and employees. The decentralisation of the setting of wages and conditions and the freeing up of the labour market generally places much more attention on resolving problems in the workplace without third party interference. Traditionally, employers have relied on their employer associations in the centralised wage setting process to represent their interests in determining awards and conditions. However, with the focus now on the workplace parties to agree to their own arrangements, the role of employer associations will clearly need to change to meet the changing needs of their membership. This could mean that businesses may well need significant assistance in moving to and sustaining this enterprise based process and that Employer Associations could play an important facilitation role in this process. The industrial relations changes therefore whilst very significant for the way employers conduct their business, could also be quite significant for the survival of Employer Associations if they fail to recognise and shift to supporting the changing needs of
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their membership. Any declining influence in this area may prompt employer associations to seek to increase their influence in other areas, for example, the OHS field.

Poor Management Skills

The Karpin report (p10) argues that management skills underpins the living standards and employment prospects of all Australians. The author further argues that good managers and leaders build internationally competitive enterprises and are integral to the success of the Federal Government’s workplace reforms, industry productivity and international trade goals (p10). However, Karpin also provides evidence to support the view that the general level of management skills in Australia is significantly below worlds best practice. Nine indicators were used to measure management and enterprise performance that Karpin considers relevant to the economic future of Australia against worlds best practice, ie:

1 customer orientation
2 entrepreneurship
3 functional skills
4 general education
5 global orientation
6 management development
7 quality commitment
8 soft (people) skills
9 strategic skills

In nearly all the above indicators, the magnitude of the gap between Australian management performance and world best practice is reported to be substantial for large business as well as small and medium business and for management education and training providers (see break out boxes, pp's 7-9).

To bridge these large gaps, Karpin argues the need for a significant national investment in bringing Australian management skills to 80% of worlds best practice by 2010 (p7).
Summary Comment

Clearly the above local, national and international pressures on employers creates a rapidly changing environment that provides new opportunities and challenges for employers. A key to successfully operating in such a rapidly changing environment is knowledge and information and being able to process and act on that information meaningfully and quickly. The CEO of British Petroleum (BP), John Browne, believes that all companies operating in today’s environment face the common challenge of using knowledge more effectively than their competitors do (Harvard Business Review, p147).

Whilst larger businesses may have the resources to invest in establishing in-house expertise, the chances that they can afford to ‘cover the field’ is remote. For smaller businesses the capacity to be self sufficient in this environment is highly remote. So both large business to some extent and small business to a large extent need to seek expert advice and assistance from external bodies to assist them effectively operate their businesses in such a rapidly changing environment. Bodies such as employer associations are appropriately placed to provide this support but they need to recognise they must change their own operations and “core business” to meet the changing demands of their membership. In this environment, members would expect their employer association to understand the changing environment, keep them informed of developments and aware of implications, and be an advocate for their interests.

BARRIERS EMPLOYERS FACE IN TRYING TO IMPROVE OHS PERFORMANCE.

In addition to the constantly changing external environment, employers are also faced with a myriad of other significant challenges (and opportunities) for business success. In the OHS context, barriers to improved OHS performance faced by employers are, as one would expect, across the spectrum of inputs and constraints operating on the business.
Legal Framework

A key feature of government effort over the last ten years has been the rewriting of the OHS legislative framework in Australia from a very prescriptive approach to a more flexible performance based approach. Whilst some jurisdictions have yet to complete this change, the overall framework and philosophy is now essentially the same in all jurisdictions. The legislative changes have also firmly placed the responsibility for OHS in the workplace onto employers with primary duties in law to provide a safe healthy working environment for their employees.

However, this legal framework for OHS is relatively new and because it is significantly different to the old style prescriptive legislation it continues to be a significant barrier for employers generally. Employers are still coming to grips with the subtle but very significant changes that the performance based approach makes to the way employers manage OHS in their workplaces. Recognition that the new approach internalises the management and control of OHS within the organisation and no longer ‘allows’ the organisation or its management to externalise the control of OHS to third party inspectors or OHS advisers is still not as widespread as would be desirable. Consequently, fundamental issues such as knowing what is required of employers and employees in understanding and complying with their obligations under the relevant OHS legislation and regulations is generally poor and for obligation bearers other than employers and employees (such as manufacturers and suppliers) it is very poor.

The legislative shift from concentrating on control strategies addressing the safe person towards control strategies that place emphasis on safe working environments provides an additional significant change in approach that employers have yet to fully understand and apply. Whilst the new approach opens up a broader range of strategies to address OHS issues, it requires a whole new way of thinking about OHS issues in the workplace and a different knowledge and skill base to implement OHS programs along these lines. Not all employers understand the changes, the potential benefits or the implications of moving down this path.
The legislative framework is still difficult but improving for employers who trade across more than one State or Territory. Whilst the performance based legislative framework is now fundamentally the same in all jurisdictions, the administration of the legislation is still quite variable across the jurisdictions, creating barriers for cross border traders from the added complexity of dealing with multiple OHS legal frameworks. This is particularly an issue as borders become less relevant in trade and commerce, ie as traders see Australia as one market.

The legal framework is also not capable of locating OHS control within the one regulatory framework within each jurisdiction because OHS is very much a cross functional issue. This further confuses both the workplace participants and government agents, especially where there is overlapping responsibilities and accountabilities and it creates a further barrier to improving OHS performance. For example, in the taxi industry, there are clearly significant overlaps with workplace safety, public safety and road safety. Similarly, in some construction activity workplace safety, public safety and environmental safety issues overlap significantly. Whilst the difficulty here is primarily a lack of appreciation and understanding of the complexity of the OHS environment, the lack of clarity of responsibility in the legal framework adds to the confusion and therefore to the capacity and willingness to respond to OHS issues.

Awareness levels

Developing an awareness of the need to address an issue is a prerequisite to developing policies and strategies for removing or minimising the concerns identified. In relation to OHS matters, high levels of employer awareness of OHS issues and responsibilities is one indicator of OHS performance, even if it is not a totally reliable one. No specific measures currently exist of employer awareness levels of OHS across all industry at all levels. However, it is likely that there is significant variation in awareness levels, particularly between the medium to large businesses and the smaller businesses, and there is some evidence to suggest that this is the case.
Yanns study (Yann, 1990), conducted during the middle months of 1990, of the medium and larger employers (354 Victorian employers with more than 10 employees) provides a range of indicators of awareness, including:

- encouraging an attitude of improving workplace OHS activity (engaged in by 80% of respondents)
- ongoing monitoring of compensation claims (70%),
- obtaining suggestions from staff to improve safety (69%),
- actively encouraging involvement of staff in prevention (68%), and
- assigning direct responsibility for OHS to a senior manager (63%).

The results provide some soft evidence to suggest a modest level of employer awareness of OHS issues and acknowledgement of responsibility for OHS in their workplace. However, as this sector has been the primary focus of extensive government and industry OHS awareness programs over a number of years, higher levels of engagement with these activities would have been expected.

At the smaller end of the scale employer awareness levels of OHS appear to be lower (although no directly comparable measures are used). Mayhews study (May 1997, p98) of employers with less than 5 employees in four different industry sectors in Queensland found low levels of awareness of OHS in small business, with 77% of newsagents, 71% of cafe and restaurant, 54% of printers and 6% of garage owner/managers self reporting no knowledge of OHS laws. Similar outcomes were obtained in studies by Lamm (1998) through 40 case studies of small businesses in the manufacturing, wholesale and retail sectors in both Qld and NSW. Awareness of OHS was found to be quite low, with only 34 employers in the 80 case studies considered to be aware of their OHS legal duties (p 19) although the author acknowledges that lack of awareness of OHS legal obligations is not necessarily an indication of employer (or employee) lack of interest in OHS in general (p20).
Clearly despite ten years of active government promotion of OHS in the workplace and in the
community, awareness of OHS is still a major barrier to improved OHS performance. Awareness
levels in the smaller businesses appear to be significantly behind that of medium to larger businesses. Strategies to increase the overall levels of awareness are therefore still important components of any strategy for improved OHS performance. It is also reasonably certain that different strategies are required for the smaller businesses compared with the larger businesses.

Compliance Difficulties

Yann (1990, p31-35) identified many barriers to effective OHS (compliance). At the broad level, the overall low quality of management, a blasé attitude to safety, lack of accountability and low levels of loyalty between employers and employees were identified as significant cultural and social macro barriers to effective OHS management. Other significant macro level barriers to compliance identified by Yann included:

- poor status of employer education,
- inappropriate and unsympathetic management attitudes and practices,
- a lack of resource allocation by employers to OHS issues,
- poor government policy settings, in particular a number of the parameters set by the workers compensation scheme (such as the levy setting),
- lack of interest by insurance companies in prevention,
- low level of OHS expertise in OHS authorities, and
- poor relations with OHS professionals and consultants.

Yann's (1990) findings in terms of OHS management are broadly consistent with the views expressed in the Karpin (1995) report in relation to low levels of management skill in Australia generally. Both authors broad findings suggest a management culture in Australia which is somewhat unresponsive, slow to change existing practices and slow to adopt more appropriate systematic approaches (even though Yann (1990, p46) found that 62% of
employers considered OHS and accident prevention to be either critical or very important to their company).

At the practical level, Yann (1990, p47) reported the most commonly identified difficulties faced by employers in taking all the preventive action they would like to take were education, training, information and attitude issues, ie:

- workers not trained in OHS prior to appointment (34%),
- staff not interested in or have poor attitudes towards accident prevention (29%),
- a lack of industry specific OHS information available (25%),
- a lack of in-house expertise in OHS (25%),
- a lack of statistical information to monitor safety performance (24%),
- there are other competing priorities (23%),
- a lack of in-house training in OHS (23%).

Equally, Yann identified that with all the above issues, employer associations are well placed to provide the appropriate support to assist their members address these issues.

At the smaller business end, Lamm (1998, p21-22) identified the following as key factors that influence the ability of small employers to comply with OHS regulations and provide good working conditions in small businesses:

- poor access to resources, especially financial but also time and obtaining and keeping skilled and experienced staff,
- training and industry experience.

As a group, small business employers traditionally have low to very low levels of educational attainment, with many failing to complete schooling (National Board of Employment, Education, and Training, 1994). Additionally, Lamm (1998, p23) notes that small business employers historically have placed little value on educational and specialised training for either themselves or their employees. However, Lamm (1998, p23) found that vocational training (in which OHS was a component) when combined with considerable industry experience is an important factor in high levels of OHS compliance.
and good practice. Given the importance of the combination of training and experience to better OHS performance, a major long term effort to change the attitudes of small business employers to education/training, could well lead to even higher levels of OHS compliance and practice.

- influence of large businesses,

The study identified (p27-28) that large companies were able to influence not only small suppliers of intermediate goods in terms of safety aspects of the product but also the small retailers who, for example, are required to undertake safety training before being allowed to sell the products from the large businesses. An interesting outcome from the study is the level of acceptance and support that small business are reported to have in relation to the influence exerted by the larger employers (p28).

- influence of quality management systems,

The study reports on both negative and positive feedback from small business on the value of quality management systems for improving OHS performance, but provides insufficient evidence overall to support this as a key factor impacting on compliance with OHS regulation for small business.

- relationship with OHS regulatory agency.

Lamm found that employers felt there was a cultural and community gap between small businesses and government departments and that there should be greater consultation between the two sectors. Some employers had good relations with the OHS inspectors and other reported negative relations. (p38-39).

Mayhews findings (May 1997, p4), reflect similar ideas to Lamm on the main constraints to improved OHS in very small business (less than 5 employees), ie:

- limited time and limited financial resources left after core tasks completed to undertake "luxury" or non core activities such as OHS.
- resentment of a range of government activities (including OHS) which precludes the ready acceptance of OHS preventive activities. OHS is seen as just one of many government
intrusions into personal affairs and government sponsorship presents an immediate barrier to acceptance of the OHS message, and

- that very small employers are practical people focused on concrete tasks where abstract concepts and obligations are anathema.

Clearly whilst many of the factors influencing employers efforts to improve OHS performance and compliance are common for all businesses, there are a different set of issues or parameters that small business face in complying with OHS requirements compared with the larger businesses. Therefore, if employer associations are to have a significant increase in influence in the small business sector, it is essential that the constraints to improving OHS performance on small employers are well understood and that appropriate strategies are developed and promoted.

Strategies to help the very small business employer overcome the above barriers inhibiting success in improving OHS performance include suggestions by Mayhew (May 1997, p 4-5: Nov 1997, 179-180) and Lamm (1998, p23) ie:

- OHS communications to be brief, direct and immediately applicable to the specific small business tasks being carried out,
- OHS advice and information packaged into sub group specific OHS problems with their solutions,
- observe industry sub group specificity in all forms of communication, written, verbal, pictorial,
- stress economic benefits of improving OHS performance,
- sponsorship of OHS messages through organisations which are seen to have the interests of small business owner/managers at heart, eg industry associations, particularly those specific to occupational groups, TAFE's,
- a major long term effort to change the attitudes of small business employers to education/training,
- close liaison with industry sub-group specific associations,
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- close involvement with TAFE apprenticeship and short small business courses (trade expertise),
- some attention to OHS clauses in contracts to be outsourced,
- repeated “face to face” contacts with information/advice, particularly those which involve the relevant employer industry associations and OHS inspectorates.
- close links between OHS authorities and the relevant employer associations in running for example, information/advice ‘roadshows’.

Other

Other significant barriers employers face in improving OHS performance in their workplace include their own attitudes to the issue, the workplace culture, peer pressure from other employees (skylarking, cutting corners, bravado) and inappropriate control strategies that lead to unintended OHS outcomes, eg not reporting injuries in organisations where individual or team based financial incentives exist for no injuries.

Summary Comment

In summary, there are clearly many barriers that employers face in seeking to improve OHS performance in their workplace, including the legal framework itself, levels of awareness of OHS issues and difficulties with compliance. Many of the barriers faced by employers are a result of lack of awareness, access to the knowledge and skill to develop appropriate strategies to resolve the issues of concern or access to sufficient resources to address the problem. Business size and access to resources, knowledge and skills are also significant factors.
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EMPLOYERS USE OF EXTERNAL SOURCES OF ADVICE AND ASSISTANCE

Access to external advice and support is a critical and essential element of business activity and a key cost factor in business success.

The need for external advice and assistance is tied very much to what an organisation sees as the critical knowledge and skill base requirements that the organisation needs to develop and retain within the business. This in turn is clearly related to what is seen as core business, what are the resources and skills required to support core business outcomes and what are the most cost effective strategies for resourcing the overall business goals and objectives. And in high performing organisations what is seen as core business and the resource and skills required to support the core business outcomes are under constant review and adjustment in order to survive and thrive in a rapid and continually changing business environment.

Business size and economic circumstances are also significant determinants of whether an employer provides the expertise in house or utilises external providers. An employer may find that it is more effective and efficient to have a particular knowledge and skill base available to it on a full time in house basis rather than utilising the services of an external provider. Alternatively, it may be seen as more appropriate (eg on a cost effectiveness basis) to “buy in” the expertise on an as needs basis. In the OHS environment for example, Yann (1990, p43) found that 67% of businesses in their survey (of employers with 10 or more employees) had at least one professional OHS worker (including compensation claims management officers), with 35% employing an OHS Manager or Safety Officer on a full or part time basis.

Size of employer also has some impact on the types of services or support activities sought from external advisers. Smaller employers who lack the internal resources are major users of external advisers but even many of the larger employers who are sufficiently well resourced to maintain in house expert services, actively use external advisers to assist in their business operations. For example, Callus et al (1991, p48) suggests that larger employers (500+...
employees) were quite active in seeking advice from Employer Associations about dealing with unions and report that 59% of the larger employers sought advice on dealing with unions compared with only 11% of employers overall. On the other hand, Plowman and Rimmer (1991, p57) makes the point that whilst the larger companies have been able to cope with National Wage principles (and have not required much external assistance), smaller companies have been heavy users of employer association personnel and resources in this area.

Whilst the size and extent of utilisation of external advice and assistance by employers is significant and growing, it is nevertheless difficult to quantify or to provide a complete picture. There are however, a range of data sources that provide some insights into some aspects of employers use of external advice and assistance in running their businesses.

No data source was found to provide a comprehensive picture of external support services used by medium to large business. Some data from the 1995 Australian Workplace Industrial Relations Survey (AWIRS), however, provides an insight into the external support services used by employers on employee relations matters. The data suggests that the majority of all businesses utilise some kind of external support, that employer associations are heavily utilised by their medium to large members in this area and that OHS is a prominent issue on which employers seek external advice. Morehead (1997, p91) reports that 57% of all workplaces used "other external advisory services" (excluding employer associations) for advice on employee relations matters, with the kinds of issues on which other external advisory services (excluding employer associations) were used by employers being firstly, OHS services at the top of the list (45% of workplaces using other external advisory services), with skill formation and training (44%), salary and payment systems (38%) and employee relations training for supervisors and management (32%) the next three (p93). Morehead also reports (p90-93) that 69% of workplaces (of 20 or more employees) that were members of employer associations used their employer associations for advice on award rates of pay,
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41% for occupational health and safety and 22% used employer associations for advice on EEO and affirmative action matters.

In the OHS context Yann (1990, p50) reports similar levels of usage of external advisers with 66% of employers surveyed (workplaces in Victoria with more than 10 employees) reporting some use of external advisors, including their employer associations, for OHS and accident prevention support activities. Yann (p306) also found that employer associations were the most frequent external source consulted about OHS matters, with 35% of employers in Victoria consulting employer associations (compared with 23% consulting with government advisors, 28% consulting unions and 29% consulting external OHS consultants).

For small business, some firm data now exists for employers with less than 20 employees with recent ABS surveys (ABS, 1995) providing some details on the kinds of advisory services small businesses (excluding agricultural businesses) have used. In the twelve months prior to the February 1995 survey, ABS report that 76% (i.e., 605,000) of all small businesses in Australia consulted some form of external advisory service (p27). The numbers of businesses and the types of advisory services used is shown in the table below.

**Table: Small Business Use of Advisory Services by Employer Size, Australia, February 1995**

<table>
<thead>
<tr>
<th>Advisory Services Used*</th>
<th>Non employing Businesses</th>
<th>Businesses with 1-4 employees</th>
<th>Businesses with 5-19 employees</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>'000</td>
<td>%</td>
<td>'000</td>
<td>%</td>
</tr>
<tr>
<td>External Accountants</td>
<td>210.4</td>
<td>81.1</td>
<td>195.3</td>
<td>88.5</td>
</tr>
<tr>
<td>Banks</td>
<td>120.2</td>
<td>46.3</td>
<td>134.4</td>
<td>60.9</td>
</tr>
<tr>
<td>Solicitors</td>
<td>50.2</td>
<td>19.4</td>
<td>71.7</td>
<td>32.5</td>
</tr>
<tr>
<td>Business Associations</td>
<td>36.6</td>
<td>14.1</td>
<td>42.0</td>
<td>19.0</td>
</tr>
<tr>
<td>Suppliers of Machinery/Equipment</td>
<td>43.2</td>
<td>16.7</td>
<td>62.4</td>
<td>28.3</td>
</tr>
<tr>
<td>Business Consultants</td>
<td>26.9</td>
<td>10.4</td>
<td>22.4</td>
<td>10.1</td>
</tr>
<tr>
<td>Govt Small Business Agencies</td>
<td>27.7</td>
<td>10.7</td>
<td>14.0</td>
<td>6.3</td>
</tr>
<tr>
<td>ABS</td>
<td>8.5</td>
<td>3.2</td>
<td>12.2</td>
<td>5.5</td>
</tr>
<tr>
<td>Australian Taxation Office</td>
<td>74.2</td>
<td>28.6</td>
<td>66.6</td>
<td>30.2</td>
</tr>
<tr>
<td>Other</td>
<td>11.1</td>
<td>4.3</td>
<td>8.2</td>
<td>3.7</td>
</tr>
<tr>
<td>No of Small Businesses using Advisory Services</td>
<td>259.4</td>
<td>100.0</td>
<td>220.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Total Number of Small Businesses</td>
<td>384.2</td>
<td>100.0</td>
<td>269.3</td>
<td>100.0</td>
</tr>
<tr>
<td>% of Small Businesses using Advisory Services</td>
<td>67.5</td>
<td>82.0</td>
<td>88.4</td>
<td>76</td>
</tr>
</tbody>
</table>

*Businesses may have used more than one advisory service

(Source: ABS, 1995, p30)
This report confirms the extensive use that small business employers make of a wide range of external advisory services to assist them in their business activities, with the most accessed external advisors being external accountants, banks, solicitors and the tax office. The study also demonstrates there are significant variations in usage even across small business and with few exceptions, the larger the (small) business the greater the usage of external advisory services. For example, 91.8% of businesses with 5-19 employees used the services of an external accountant compared with only 81.1% of non employing businesses.

Unfortunately, similar information for larger businesses was not available to provide a comparison of usage.

In relation to business associations, the ABS study reports that 32% of businesses with 5-19 employees used advisory services provided by business associations compared with only 19% of businesses with 1-4 employees and 14.1% of non employing businesses. This is again consistent with the tendency for the larger small businesses to use business associations as a source of advice.

Interestingly, the survey identified a larger proportion of non employing businesses (10.7%) using the advisory services provided by government small business agencies compared with businesses with employees (6.3% of businesses with 1-4 employees and 7.1% of businesses with 5-19 employees). Just why this is so is not reported but could have much to do with the cost of the government services compared with other private providers.

A similar survey conducted by the ABS in 1997 (ABS, 1997, p 45) indicates that the number of small businesses increased between 1995 and 1997 by 6.5% overall to 846,300 small businesses (excluding agricultural businesses). Unfortunately, no published data is available on use of advisory services (although similar information was sought in the 1997 survey) to assess whether there is any preliminary indication of expansion or contraction on the use of
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external advisors by small businesses and particularly whether there has been any significant change on the demand for advisory services from business associations.

Hopkins study (1997, p18), whilst being a much smaller study (and in the context of a broad study of addressing the issue from an OHS perspective), also provides some insight into the sources of contact with external bodies used by businesses of all sizes in the Canberra region and the frequency of this contact, see Table below.

Table: Specified Sources and Frequency of Contact in past 12 Months

<table>
<thead>
<tr>
<th>Source</th>
<th>At least Weekly* %</th>
<th>At least Monthly* %</th>
<th>At least Yearly* %</th>
<th>No Contact %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solicitors</td>
<td>4</td>
<td>14</td>
<td>55</td>
<td>45</td>
</tr>
<tr>
<td>Accountants</td>
<td>8</td>
<td>40</td>
<td>97</td>
<td>3</td>
</tr>
<tr>
<td>Bank Managers</td>
<td>8</td>
<td>28</td>
<td>64</td>
<td>36</td>
</tr>
<tr>
<td>Trade/professional</td>
<td>7</td>
<td>18</td>
<td>42</td>
<td>58</td>
</tr>
<tr>
<td>Associations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Workers Comp Insurance Co</td>
<td>1</td>
<td>1</td>
<td>18</td>
<td>82</td>
</tr>
<tr>
<td>Other Insur Co</td>
<td>3</td>
<td>2</td>
<td>30</td>
<td>70</td>
</tr>
<tr>
<td>Insurance Broker</td>
<td>4</td>
<td>6</td>
<td>69</td>
<td>31</td>
</tr>
<tr>
<td>OHS Inspectorate</td>
<td>2</td>
<td>1</td>
<td>13</td>
<td>87</td>
</tr>
<tr>
<td>Govt depts/Utilities</td>
<td>4</td>
<td>12</td>
<td>33</td>
<td>67</td>
</tr>
<tr>
<td>Unions</td>
<td>1</td>
<td>1</td>
<td>8</td>
<td>92</td>
</tr>
<tr>
<td>Quality Assurance</td>
<td>0</td>
<td>1</td>
<td>6</td>
<td>94</td>
</tr>
<tr>
<td>Auditors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consultants</td>
<td>1</td>
<td>4</td>
<td>11</td>
<td>89</td>
</tr>
<tr>
<td>Neighbouring Businesses</td>
<td>50</td>
<td>64</td>
<td>72</td>
<td>28</td>
</tr>
</tbody>
</table>

* Cumulative percentages across the first three columns

The above table demonstrates that the major contact points for employers over a twelve month period (excluding suppliers and customers) were accountants, insurance brokers, bank managers and solicitors. With the exception of insurance brokers, these findings are broadly consistent with the ABS survey of small businesses.

Hopkins study also found that 42% of employers were reported to have had contact with trade and professional associations. Whilst this is somewhat higher than the ABS reported levels of contact with business associations, Hopkins study had a different coverage of industry sectors, i.e. it did not include non-employing businesses and did include large business. This could well account for the apparent differences.
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At the micro business level (less than 4 employees), Mayhew (May 1997, p110) found that the sources of OHS information accessed or actually used by the very small employers surveyed were variable across the 4 industry sectors studied and identifies “friend” as a key information source for some occupations (see table below).

<table>
<thead>
<tr>
<th>Industry</th>
<th>Friend %</th>
<th>Association %</th>
<th>Government %</th>
<th>Other/Don't Know %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Garage</td>
<td>52.0</td>
<td>32.9</td>
<td>45.0</td>
<td>37.0</td>
</tr>
<tr>
<td>Cafe</td>
<td>8.6</td>
<td>2.8</td>
<td>50.0</td>
<td>38.6</td>
</tr>
<tr>
<td>Newsagent</td>
<td>4.3</td>
<td>28.6</td>
<td>50.0</td>
<td>18.5</td>
</tr>
<tr>
<td>Printers</td>
<td>11.4</td>
<td>11.4</td>
<td>45.7</td>
<td>42.9</td>
</tr>
</tbody>
</table>

Mayhew identified government as the major source of OHS information for nearly all four sectors studied and employer associations are also identified as a major source of advice. These results are somewhat at variance with Hopkins findings as he reports very little contact with government bodies. Interestingly, whilst Mayhew identifies employer associations as a major source of OHS information, only around 50% of those identifying themselves as a member of an employer association reported they actually used the association for OHS information (p120).

Finally, and from a slightly different perspective, Caple (1996, p43-46) in his study (the largest element being 248 telephone interviews with employers selected randomly from the Victorian Workcover Authority’s data base), identified fifteen different networks servicing the information needs, including OHS needs, of small business, ie:

1. OHS agencies
2. employer associations and unions
3. regional OHS groups
4. OHS graduates
5. vertical segments of industry
6. horizontal industry networks
7. service clubs
8. chambers of commerce/trade associations
9. accountants and solicitors
10. local general practitioners
11. migrant support groups
12. telephone advice line
13. local media
14. internet
15. CD Rom
Caple’s list of sources of advice and support whilst also covering the sources identified in the ABS study and by Hopkins (except banks), extends these to include a range of non professional network linkages (industry networks) and access to services such as the internet.

The above provides some broad insights into the size and extent of employers usage of external sources of expertise to assist them run their businesses, including assistance and advice on OHS matters. However, this is only a partial picture as none of the work to date seeks to address all sources of external advice and assistance used by business. For example, none of the studies include any details on the extent to which employers use external training providers as opposed to in-house support etc.

Equally, none of the above studies provides any insight into the quality and satisfaction employers have with the advice received and if the outcomes of the study of Best Manufacturing Practices in Australia and New Zealand conducted by the Australian Manufacturing Council with assistance from the Boston Consulting group is any guide, there is great scope for dramatic improvement in client satisfaction. The AMC report (1994, Table p70) provides some very interesting feedback on the sources that (manufacturing) firms find most valuable in terms of advice or assistance in the pursuit of best practice. Overall, quite low levels of participating organisations in Australia reported that external sources of advice and assistance were considered to be valuable relative to reported international experience. For example, only 35% of Australian leading manufacturing companies and 17% of the laggers considered their customers or clients have been a significant source of external advice or assistance in helping them improve business performance compared with 61% of organisations in the international sector of the study. Similarly, the study also identifies industry associations as providing significant advice and assistance in helping organisations achieve improved business performance in only 15% of Australian leader organisations and 9% of laggers compared with 31% internationally.
The low domestic results demonstrated in this study indicate that there are significant opportunities for employer associations (and other external providers) to upgrade their performance to seek to match or exceed the level of performance of industry associations internationally. In considering how this might be achieved, efforts should be focused on providing services to support members address the key elements underpinning best practice identified in the AMC report. In this context, developing and delivering programs on a wider range of people practices identified in the report, including OHS practices, would be necessary.

Clearly employers access a wide range of external providers to meet their business objectives with the banks, solicitors and accountants being identified as the sources used by the largest proportion of businesses. Employer associations are also identified as a major access point but not the only network used and certainly not the only network used for advice and support on OHS issues. In fact Caple (p72) cautions that "...with a minority of small employers belonging to employer associations ..., these agencies should not be seen as the only, or even the main source for OHS information dissemination..."

Interestingly, the above indicates that the larger the employer the greater the usage is made of external advisers. On the surface one might expect that larger businesses would have the size and capacity to support their expertise needs in-house to a greater extent than do smaller businesses and they would therefore be less reliant on external advisory services. However, larger businesses are also more complex and this in turn requires greater expertise and specialisation to ensure effective and efficient outcomes. Larger businesses and governments are continually reviewing and adjusting their business objectives, outcomes and processes (including outsourcing considerations) in response to changes in core business expectations. The level of usage of external advice and support in the larger businesses compared with the smaller businesses therefore is not totally unexpected.
Summary Comment

Clearly, access to external advise is a critical and essential element of business activity and a range of factors such as what an employer sees as the critical knowledge and skills to be retained in the organisation, businesses size and economic circumstances, impact on the specific kinds of external sources of advice and assistance used by an employer.

Whilst there is limited data on the extent of usage of external support services by employers, what evidence that does exist suggests that the majority of all businesses large and small utilise some kind of external support, that employer associations are heavily utilised by their medium to large members in this area and that OHS is a prominent issue on which employers seek external advice. The evidence also suggests that the larger the small business the greater the usage of external advisory services.

The external sources used by employers for advice and support on OHS matters comes from a wide range of networks including employer associations. Whilst it is clear that employer associations are a major access point across all sizes of organisations other networks also play a very important role in providing external advisory services to employers and in OHS terms are significant competitors or potential competitors.

KEY INDUSTRY AND EMPLOYER ASSOCIATION CHARACTERISTICS OF RELEVANCE TO EFFECTIVENESS OF EMPLOYER ASSOCIATIONS

Clearly employers are faced with a challenging range of external and internal pressures in operating their businesses and whilst some of the larger companies in Australia might have the size and wealth to devote in-house resources to analysing, understanding and guiding the direction of the business, most are not in that position. Most businesses outsource to external providers, aspects of their business operations that are essential to the effective operation of the business but which cannot be resourced from the internal resources of the business.
Employer associations are one of many external providers of services and support to employers, as are banks, solicitors, consultants, accountants, suppliers and many more. The extent to which employers use employer associations for advice and support depends on the kind of advice and support employers are seeking and whether or not employer associations are the relevant bodies to provide that advice. Just what services and support employer associations do provide is influenced heavily by their historical development and the resulting missions and core business activities that they have adopted as a consequence.

**Mission and Core Business**

Employer associations were originally established by employers to assist them advance their interests in the business environment. In addition to the wage setting and arbitration objectives that are the focus of many employer based associations, typical constitutions identify employer association objectives as including:

- promoting, protecting and furthering the interests of their members,
- promoting or opposing legislative and other measures likely to affect the industry,
- participation on boards, committees etc of interest to the industry,
- training and education objectives
- collection and provision of industry information
- assistance and support to bodies whose activities are likely to be of interest to members, eg standards setting bodies.

Clearly, the mission that employer associations embrace is one that is focused around furthering the interests of its members both in the day to day activities of operating a business and the health and direction of the industry sector in which their members operate. A key aspect of their mission is to assist their members enhance their business interests and to provide a leadership role for promoting and enhancing productivity in the industry as a whole (eg see VECCI’s Vision and Mission statements, (VECCI, 1997, p v)). Core business activities that are consistent with and support a mission like that described above not only address
business expansionary efforts but also activities to address cost control issues, eg providing business risk management services.

Is it therefore legitimate for employer associations to seek to have a role in the OHS environment? The Industry Commission (1995) reported on the very high costs of OHS in Australia and argued that workplace health and safety is a significant economic issue (p ix) and that the key to controlling the problem is to be found in the design and control of the workplace and its activities (p xx). From the Industry Commission report therefore, there is clear evidence that improving OHS performance will contribute to improved national productivity. And in light of the centrality of the workplace and the activities carried on in the workplace as the focus for improved OHS performance, it is clear that employers must play a fundamental role in that endeavour.

In the international arena, Coenen (1996, p47-48) discusses the impact of the Berufsgenossenschaften (BG) in Germany on workplace injury experience and highlights the significant long term decline in notifiable accidents and frequency of accidents in which the consequences reduce an individuals capacity to work. He also makes the point that despite increased expenditure on prevention and rehabilitation, the industry contributions in relation to wage levels have been reduced in the last 30 years. This indicates that the German system (which involves joint management by employer and employee representatives through the BG's) can point to quite strong evidence of systemic control over OHS and at the same time as relative costs are declining, ie making industry more productive whilst also addressing OHS concerns.

In light of strong evidence from the German model and the links in the Australian environment of controlling of OHS to improved productivity and the visions and missions of employer associations, then employer associations do have a legitimate interest in playing a significant role in assisting employers improve OHS performance in the workplace.
Why do Employer Associations Exist and will they Survive in the Long Term?

A fundamental prerequisite in considering the network of employer associations as key players in influencing workplace organisation and operation, including improved OHS performance at both industry and enterprise level, is the likelihood of their survival over the long term. A further key characteristic relates to their capacity to represent and influence their constituency. If these two prerequisites do not exist, it is clearly inappropriate to expect Employer Associations to be effective in helping to improve OHS performance in their industry sector generally or within their membership in particular.

Plowman (1985; 1987, p229-230; 1989) has researched and written extensively on the history and operation of employer bodies in Australia. He argues that in the early periods in the history of employer associations in Australia, employers always combined to fight perceived common threats to employers in the trade area, only to disband or go into extended periods of inactivity once the issue (threat) had been addressed. He concludes that the advent of compulsory arbitration processes in the early 1900’s provided the basis for the establishment of permanent structures to represent the interests of the employers.

Barry (1995, p 453) points to international literature on the formation and behaviour of employer associations and concludes that the formation of employer associations can be generally understood as a response to one or a combination of the following three forces, the need for greater market control, the growing power of trade unions, and the intervention of the state into traditional areas of labour management. He also argues (p556) that both trade and industrial issues are the critical issues around which employers will seek to organise themselves in order to maintain managerial prerogative and to attempt to manage competition.

Both authors therefore are suggesting that whilst ever there are threats to and/or controls imposed on management prerogative, or there are reasons for employers to co-operate
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Around trade related issues in the pursuit of managing competition, employers will seek to organisation themselves in some form or another.

Plowman's suggestion that permanent structures came about as a result of the establishment of compulsory arbitration processes raises with it the viability of employer associations in light of the current threats to the compulsory arbitration process and the privileged position that employer associations and unions play in that process. And clearly, this is a real and current issue in light of recent government legislation aimed at reducing the influence of the Arbitration Commission in the setting of wages and conditions of the workforce and encouraging the removal of third parties from the wage setting negotiation process.

However, since the establishment of compulsory arbitration in the 1900's, governments of Australia have expanded their influence in response to considerable change in community expectations by legislating across a wide field of community social interests and by increasing their activities into traditional areas of labour management. Business, trade and employment activities are not immune from changes in community expectations and much legislation has been enacted that impacts significantly either directly or indirectly on the traditional areas of management prerogative, eg legislation relating to environmental, taxation, training, EEO, ID, OHS, etc.

The expansion of the intervention of the state into traditional areas of management prerogative provides a major challenge to employers in terms of understanding the complexities of a wide and increasing range of more socially based legislation relevant to employers, seeking to minimise the adverse consequences of any new legislation and in seeking to respond to the provisions of the legislation. This legislative framework is further complicated from an employer perspective with the trend towards performance based regulatory regimes where prescriptive tests for compliance are not specified in the legislation, for example, in modern OHS and environmental protection legislation.
Therefore, the need for employers to organise is greater now than it ever has been. Even with the removal of compulsory arbitration from being a central role of many employer associations, the workload has changed and evolved. What is not under threat therefore, is the ongoing need for employer bodies of some kind to meet the changing demands of employers, so the issue is not so much survival of employer associations as a network but the survival of individual employer associations and a redefining of the way employer associations interact and operate as a network. Just how individual employer associations survive will depend very much on the changing patterns of issues confronting employers (these will continue to change and evolve in response to community expectations and the business environment) and how well the individual employer associations respond and adapt to these changing demands. If individual employer associations do not respond to the changing environment, it is likely that they will be displaced by others who are more prepared to adapt. Hale (1986, p6-7) provides an interesting insight along similar lines in a discussion of the complexity of the problem which faces various competing professional and pseudo professional groups (of competing for membership and control of the knowledge base of the niche in question).

Capacity to Influence Membership

The capacity of Employer Associations to have an influence on individual members and the overall culture /performance of the industry sector is clearly a critical consideration in any assessment of Employer Associations as vehicles for driving or influencing OHS in the workplace and there are many factors which determine the extent of this influence.

Influencing the Environment

There is some evidence to suggest that employer associations along with a number of other key players such as unions, employers and the bureaucracy itself have and continue to exert significant influence over the OHS regulatory environment in Australia. Sloan (1995) examined three areas of activity, ie industrial relations, OHS and industry training regulation,
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from the point of view of the relevance of the two main economic theories of regulation, ie public interest theory and public choice theory.

According to Sloan (1995), the standard economic theory of regulation based on “the public interest” dates back to the time of Adam Smith. Because markets fail and the external costs and benefits arising from economic activity are not adequately dealt with by market forces, regulations are needed to offset the market failures (p99). In this context, public interest theory is essentially an altruistic and normative theory that regulation is to serve the public interest by offsetting market failures that would otherwise lower national welfare (p104).

However, later work highlights the inadequacy of this theory to reflect what was actually happening on the ground and its incapacity to provide a generalisable theory explaining the extent and type of regulation that exists (p102).

Public choice theory has emerged as an alternative model to explain the extent and type of regulation that exists. Sloan (1995, p 102) reports that this theory locates regulation as an outcome of the political market place with voters and special interest groups on the demand side and government on the supply side. Peltzman (1989) is cited as summarising the public choice theory in the following way:

“Compact, well organised groups will benefit more from regulation than broad diffuse groups. This creates a bias towards producer groups over consumers. Regulations will have the effect of creating a politically optimal distribution of rents (benefits) across the interest groups to maximise votes and money for the politicians. Regulations that are too costly will be avoided because they lower the total wealth available for redistribution.”

(p102)

In summary, public choice theory depicts regulation as the outcome of the political market place in which self interested politicians favour regulations for votes and money delivered by special interest groups.
In respect to OHS regulation Sloan (p115) found some evidence to suggest that at the big picture level, a persuasive argument can be made to explain OHS regulation in Australia in terms of public choice theory as described above.

The main argument implied in relation to OHS regulation is that OHS regulation is determined more by the coalition of powerful interest groups than it is by "in the public interest" concerns. Key interest groups identified by Sloan include employers, employer associations and unions. So clearly, from this perspective, employers and employer associations have and continue to have a significant influence over the OHS agenda at the regulatory level.

The implication of this perspective is that in relation to OHS regulation, employers, employer associations, unions and other key players have a significant impact and influence over the OHS agenda and that significant change to existing OHS arrangements including regulatory arrangements will only be possible with their support and assistance unless governments adopt a purely "public interest" approach to OHS regulation. This is highly unlikely in the current political environment and with the current levels of community interest, awareness and priority attached to workplace injury and disease.

Plowman and Rimmer (1991, p16) also have examined the potential for employer associations as a group to influence their membership. Using data from the AWIRs 1990 survey they demonstrate that workplace managers are influenced by the "dominant values and policies of the employer association to which the workplace may belong". In five areas, training, over-award payments, industrial action, dismissals and negotiating with unions, the survey data demonstrates the very strong capacity employer associations have to influence some issues
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and a lesser capacity to influence in other areas (see table below).

Table: Extent to which Workplaces Follow advice of Employer Associations on Workplace issues

<table>
<thead>
<tr>
<th>Issue</th>
<th>Closely Follow Advice (%)</th>
<th>Follow with Some Modifications (%)</th>
<th>Do not Follow Advice (%)</th>
<th>Do Not Seek Advice (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training</td>
<td>23</td>
<td>33</td>
<td>3</td>
<td>41</td>
</tr>
<tr>
<td>Over-award payments</td>
<td>26</td>
<td>25</td>
<td>6</td>
<td>43</td>
</tr>
<tr>
<td>Industrial action</td>
<td>46</td>
<td>31</td>
<td>2</td>
<td>21</td>
</tr>
<tr>
<td>Dismissals</td>
<td>41</td>
<td>22</td>
<td>4</td>
<td>33</td>
</tr>
<tr>
<td>Negotiating with unions</td>
<td>48</td>
<td>30</td>
<td>2</td>
<td>20</td>
</tr>
</tbody>
</table>

Similar data is not available from the 1995 AWIRS survey.

Clearly then, there is some evidence to suggest that employer associations as a group have been influential in impacting on government policy directions and in advising and supporting employers as demonstrated in a range of workplace issues. However, at the individual employer association level there are many factors that have an impact on the extent to which individual employer associations can influence their membership. Scherer (1983) identifies two key factors he considers places substantial limitations on the capacity of employer associations to influence their membership and constituency. Firstly, employers in Australia see employer associations as providers of services and not as organisations to which they owe any loyalty in the same sense that trade unions appeal to their membership (p24). Scherer argues that this is evident in part by the frequency of multiple membership to a variety of organisations by particular employers. Plowman (1981, p 38) also expressed similar views from the employer associations perspective, ie many associations also regard themselves as "fee for services" kind of agencies that provide the fee paying members with the services they want and to leave the members to run their own businesses with the minimum of interference.

Scherer's second point is that employer associations are often competing for membership from the same pool of employers (p25) and this further limits the capacity of employer associations to influence their membership.
Because of these competitive pressures, Scherer believes that employer associations face limitations on the extent to which they can make concessions on issues to which some of their membership might object and similarly, limitations on capacity to prevent members making concessions/wage offers individual members think appropriate. Scherer argues that this lack of influence is particularly relevant to general employer associations (i.e., those that draw their membership from a variety of industries and firms with little in common) and results in employer associations frequently taking positions that are reduced to representing the most conservative elements of their constituency and not necessarily the majority view of the membership.

Membership Coverage

There are many other factors identified in the literature that are claimed to limit an employer associations capacity to influence its membership and the extent of coverage an employer association has of eligible employers in a particular sector or industry is clearly one significant factor.

Plowman (1981, p24-27) provides evidence in the context of NSW employer associations of very wide variability in the extent to which employers belong to employer associations. Whilst this information is now quite dated and must now be treated with caution, the estimates range from nearly one hundred percent coverage (for example, coal proprietors, stevedores, mines and metals) down to one per cent of eligible employers/firms (for example, construction, Master Builders). Plowman observes (p26) that associations in oligopolistic industries tend to have high membership rates and so do areas in which there has been recent industrial action or "hostile" legislation (such as private hospitals, service stations), whilst membership rates are lowest in associations covering the various forms of contracting, (e.g., shearing, building, electrical), small employment agencies (such as real estate, retail, dry cleaning) and in areas of self employment or family enterprise (e.g., painting, plumbing, pastrycooks).
The Australian Workplace Industrial Relations Survey (Morehead et al, 1997, p89) found that for the larger employers at least, employer associations as a group have a very strong coverage of businesses but there appears to be a declining level of membership. In the 1990 study, 82% of private sector workplaces employing 20 or more persons (ie the medium to large organisations) were members of an association, with membership particularly high in Construction (92%) and Mining (92%) and almost universal in large workplaces. In the second AWIRS study conducted in 1995 estimates of membership coverage in this same group of workplaces has fallen to 74%. Whilst this coverage is still very substantial, the reduction between 1990 and 1995 is quite significant. Reasons for declining membership were not canvassed but VECCI (1997, p xi) reported a reduction in their membership of 7,510 during 1997 and indicated the main reasons for this were economic conditions and the impact of changes in industrial relations legislation.

Caple (1996, p27) also found in his study that up to 90% of medium to large employers (more than 10 employees) are members of employer associations.

For small business (defined as single site organisations in the commercial private sector with between 5-19 employees), membership coverage seems to be tracking along similar lines to the medium and larger businesses. Morehead et al (1997, p310) estimated that 60% of small businesses were members of employer associations in 1995 and that the proportion has declined from 71% in 1990. Again this is a substantial decline over a 5 year period.

For businesses with less than 5 employees, it has been impossible to find any reliable estimates of membership of Employer Associations, yet Plowman (1981, p 26-30) found that in most associations, the bulk of the membership is made up of small businesses with less than 10 employees. Caple (1996, p27) provides some limited data on small employers, ie he estimated that 30% - 40% of small employers (less than 10 employees) in Victoria belong to an employer association. He also found that there was wide variability across industry sectors, with for example the majority of building industry employers being reported as belonging to an
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association compared with many other industry sectors where employers choose not to be members.

ABS data indicates that there were 747,400 businesses (excluding Agriculture) with less than 5 employees in Australia in 1995-96 and 751,500 in 1996-97 (ABS, 1997, p 78). This represents 83% of all small businesses (ABS definition) and 81% of all businesses. It is clear from these figures that the micro business is a major feature of the landscape in Australia and a major potential membership source and target market for the services provided by employer associations.

 Whilst the bulk of the membership of employer associations is made up of small businesses with less than 10 employees, Plowman (1981, p 26-30) also found this group is quite volatile and contributes significantly to a high turnover of EA membership, as they are more vulnerable to economic downturns, credit restrictions, take-overs and windups than the larger members (1981, p30). Additionally, for most associations, it is the very small firms consisting of the working proprietor with four or less employees that do not join, as few of these organisations are reported to have serious industrial problems and their relatively straight forward needs relating to award information promotes the view that there are few advantages for them in belonging to an employer association.

In summary, the data suggest quite high but declining membership of employer associations at the medium to large business level, low and dropping levels of membership of smaller businesses and very low levels of membership at the micro business level. The national AWIRS data suggest that employer associations have the coverage to be an influential force in assisting members with their business operations, even with declining membership (and ultimately this issue must be addressed for long term survival). However, not all agree with this. Hopkins' findings (1997, p18) from his study of businesses in the Canberra region questions the notion that employer bodies (and unions) can be key players in light of the low numbers (only 54% of respondent employers) he found belonged to trade/professional
associations. Hopkins study however was limited to a very small and unrepresentative part of Australia which in part may explain the different results he has found compared with the AWIRS studies.

Revenue Generation Capacity

The capacity of employer associations to influence their membership and industry sector is also very much limited by their low levels of revenue. Whilst some associations augment their income with business activities, most associations rely on membership fees as their major source of income. Plowman (1981, p31) argues that this consigns most associations to a very low level of activity, ie a no frills approach to bread and butter issues, and a reliance on the services (such as secretarial and industrial services) and goodwill of other employer groups. As a result, few associations carry out research and few are capable of providing basic information relating to their industry or formulating policies for industry (Plowman, p32).

No later analysis or comment on employer association revenue generation capacity could be found. However, anecdotal evidence (eg VECCI) suggests that employer associations are increasingly utilising the fee for service strategy as a way of increasing the services offered by the business and for generating higher levels of income to extend and expand their services. Other strategies include amalgamations to increase effectiveness and influence, such as the recent announcement of the amalgamation of the Metal Trades Industry Association (MTIA) and the Australian Chamber of Manufactures (ACM) to form the Australian Industry Group (AIG) from 1 July 1998. These strategies are clearly designed to remove the restrictions that low levels of revenue place on their capacity to provide effective and efficient services to their members.

Capacity to Enforce Policy

The capacity of employer associations to enforce policy is very limited and not unexpected in light of the minimal interference, fee for service attitude of employers (Plowman 1981, p40). Most associations need to rely primarily on persuasion and educational strategies to inform
members of the rationale behind and merits of association policies as they have little ability to get their members to follow the common line.

This can be contrasted with the German model where membership of the Berufsgenossenschaften (BG), the carriers in Germany of the statutory accident insurance system for industry is compulsory. In this environment, every business must belong to one of the range of BG's and the business is unable to trade unless insurance has been provided by the BG's.

Drivers for Employer Associations taking a proactive Role in OHS
The literature is very sparse in providing insights in to what drives employer associations to adopt a proactive role in delivering OHS programs and services to their members and industry. What evidence that does exist suggests that employer associations are not driven by any altruistic motives but by either the need to adopt strategies that ensure the survival of the employer association or to ward off threats of government action.

Survival
A major driver is the contribution that enhanced OHS services can provide to increasing the viability of employer associations. Lamm (1998, p41) reports that business and trade associations saw providing OHS advice, particularly on workers compensation matters, as a way of encouraging small businesses to join, ie promotional tool for membership drive. This is particularly important at a time when the employer association network as a whole is undergoing major changes and significant decline in membership. It is even more important for the individual employer association to be able to move their services to the meet the changing needs of their membership if they are going to survive as a separate association.
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Government Action

The fear of the introduction of stringent government control over the industry (and implicitly, management prerogative) seems to have been a significant factor in encouraging some employer associations to develop, actively promote and secure the support of their membership.

Creedey (1990) points to the 1970's as a time when employer associations in the Chemical Industry in Canada recognised the need for the industry to voluntarily act on the mounting public concern over chemical hazards in the face of increasing threats of government regulation. The Canadian Chemical Producers Association's developed and implemented within their membership what they termed the Responsible Care Program, which not only provided guiding principles but also detailed guidance and active assistance on how to apply principles in practice.

Similarly, Ember (1992) provides an overview of the adoption of a similar Responsible Care Program (RCP) in the Chemical Industry in the United States and reports on the Chemical Manufacturers Association in developing and implementing the program. Ember identifies the Bophal disaster in 1984 as the key event or force that galvanised the industry in the United States into taking steps to clean up its image, presumably as an attempt to forestall pressure for more substantial government controls.

Gilbertson (1990) reports that significant death and injury in Alberta's oil fields in the 1980's resulted in the establishment in 1987 by five major upstream employer/industry associations of a Task Force on Safety to develop initiatives to improve this unsatisfactory performance. The author reports that the drivers for the establishment of the Task Force was not so much a sudden and noble awakening to safety but rather, a response to the knowledge that governments were increasingly alarmed by the statistics and therefore it would be best if the industry itself took the initiative. Whilst the long term success of this approach is not reported, the report does claim that from 1987 to 1989, lost time claims dropped 38% in the upstream
Employer associations are one of many external providers of services and support to employers, but just what services and support employer associations do provide is influenced heavily by their historical development and the resulting missions and core business activities that they have adopted as a consequence.

The mission that employer associations embrace is one that is focused around furthering the interests of its members both in the day to day activities of operating a business and the health and direction of the industry sector in which their members operate. And given the link between OHS and the day to day activities of the workplace and business success, employer associations have a legitimate interest in playing a significant role in assisting employers improve OHS performance in the workplace.

There is some evidence to suggest that employer associations as a group have been influential in impacting on government policy directions and in advising and supporting employers as demonstrated in range of workplace issues. However, at the individual employer association level there are many factors that have an impact on the extent to which individual employer associations can influence their membership and some writers consider these factors to be substantial, eg membership coverage, revenue generation capacity, capacity to enforce policy.

There is also some limited evidence to suggest that what drives employer associations to adopt a proactive role in delivering OHS programs and services to their members and industry
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is not any altruistic motives but by either the need to adopt strategies that ensure the survival of the employer association or to ward off threats of government action.

COMPETITIVE ADVANTAGES OF EMPLOYER ASSOCIATIONS IN CONTRIBUTING TO BUSINESS SUCCESS

Very little literature was found to provide any significant insights into the kinds of functions, advice and services sought by business and for which employer associations are seen to have a competitive edge over other deliverers of similar services. Whilst there is some literature on the nature of the services and support provided by employer associations, there is nothing that specifically addresses those characteristics that might be considered unique or that give employer associations a competitive edge.

Employers' Views

Plowman (1981, p 38) believes that many employers want to be left to run their own businesses with the minimum of interference and only seek from their employer associations minimal support with the services they want from their membership fees. Just what employer associations can offer their membership is therefore tied very closely to what members think the membership fee should cover and this in turn reflects their own motivations for belonging to the association.

Plowman found in the industrial relations context, that information is seen as a very important service and by far the major area on which employers sought advice related to industrial matters including award information (and documentation). Other popular functions included seeking advice on government policies, commercial contractual guidance, educational/training issues, consumer legislation and technical assistance. Similar findings some ten years later by Plowman and Rimmer (1991, p15) confirm that employers still used their employer associations primarily for information purposes and particularly for information on awards. In addition they also continued to use their associations for advice on legal matters, dismissals and dealing with the unions (p15).
Whilst this suggests that employers see their association as a source of advice and support on the full range of industrial relations matters, it does not indicate why employer associations provide these services and whether others could just as easily do so.

From an OHS perspective Yann (1990, p59) provides some insights into the kinds of services and support that employers see their employer associations providing. These include:

- encouragement of the general education of workers, from primary school age onwards,
- encouragement of relevant OHS input into post secondary courses,
- direct provision of OHS courses at the local level,
- a role to influence government policy and procedures,
- direct provision of co-operative stores for the sale of OHS clothing and equipment
- develop a professional capability to service the specific areas that employers seek OHS advice and support.

Whilst this identifies the kinds of services that employers see their association providing, it gives no understanding as to why employer associations should provide these services and what gives the association a competitive edge.

From another perspective, employer associations are not likely to be at the forefront of best industry practice and therefore leading edge employers, being ahead of the game, are not likely to need the direct services and expertise of employer associations. In fact, the more likely scenario is that employer associations need to learn from their leading edge companies, and particularly to identify from them emerging industry trends and practices and from this understand what services and support the bulk of the membership will be seeking as they seek to adopt the processes and procedures of the leading edge companies. In this context, employer associations provide leading edge companies with a voice and a capacity to provide industry leadership whilst, for the bulk of the membership, employer associations are in a position to provide help and support.
Governments Views

Again the literature is sparse in providing information and insights on governments views on employer associations contribution to business success. It is clear however that governments at all levels are increasingly responding to community demands for greater transparency in government policy development, program implementation and program review processes by improving the consultative processes. Employer associations have always been seen in this context by governments as a mechanism for drawing together the disparate views of employers relating directly to workplace operation and trade issues into a more manageable and coherent employer or industry view. And as the pressure for greater consultation and transparency continues across a greater range of government programs and policies that indirectly impact on the workplace (eg environmental policies, training and education programs, taxation, the role of government, etc), employer associations are seen as the logical point of contact.

So clearly, governments see employer associations as a whole providing the main industry voice on an ever widening range of government programs because they are centrally placed to undertake that role for their members.

Governments of all political persuasions are also looking to external providers for the delivery of more and more services. For example, in the context of discussing the provision of OHS related training, the NSW Government's Standing Committee on Law and Justice report (Dec 1997) provides some insight into thinking at the senior levels in NSW on the role of government in delivery of training and possibly also delivery of services generally. The report (p82) describes an exchange between the Committee and a senior government official on an initiative jointly undertaken by the Master Builders Association (MBA) and the Construction Forestry Mining and Energy Union (CFMEU) to provide a joint OHS training facility at the Olympic construction site. The government officials' response includes statements of support.
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for such an initiative and interestingly, in terms of the role of government, the official reports:

"...I believe that it is not necessary for Workcover to personally deliver all services. To facilitate the delivery of services we do not have to have an army of people at Workcover running around doing these things. If we can bring the parties together and broker solutions, that will be cost effective and (we) have a win-win outcome for all concerned."

The Standing Committee on Law and Justice itself seems to accept that more and more of government services will be outsourced, i.e. "as the practice of contracting out for government services becomes widespread it is imperative that government agencies provide leadership in this field" (p95).

There is also an expectation by government that employer associations will be advocates for the policies and programs that are developed by government. Good examples of this can be found in the OHS context where all governments are increasingly focusing on an industry approach to improving OHS performance and where the relevant employer associations are actively used by government to shape the specific industry sector initiatives. Another example is in the rapidly expanding environmental health programs being pushed by governments.

Views of Academics, OHS Professionals and Others

Very little has been found in the literature to provide an insight into what academics or professionals think about employer associations and the unique qualities that employer associations contribute to business success.

In the OHS field Yann (1990, p40) sought (as an element of a wider study) the views of a range of OHS professionals and consultants about the role of employer associations in Victoria. The key outcomes from this small sample was that the professionals considered employer associations are able to fulfil an important role in OHS because they are trusted by their membership and that they need to take a more active role than in the past and improve
the quality of the information services available. The areas identified where employer associations should focus included initiatives around:

- increasing OHS awareness
- OHS educational programs with, eg senior management, line managers, safety officers
- OHS advisory support programs
- developing and providing links between industry and sectors of the community, professional service providers, equipment suppliers and educators
- attracting the attention of senior management
- changing the prevailing philosophy and priority given to OHS

Yanns' work provides some evidence from the views of OHS professionals to suggest that employer associations are in a position to deliver a range of services and that they can do this because they are trusted by their members. Other writers have also suggested that this is a key characteristic as well, eg Caple (1996, p 72), Mayhew (1997, p 180).

Gun, (1993 p 47-66) believes from his study of 98 worksites where an accident occurred resulting in a severe or moderately severe injury, that approximately half the accidents are amenable to regulatory control provided that the regulation is complied with. He further argues that employer associations have a key role in promoting compliance and suggests that they be responsible for disseminating information on the regulatory requirements and for providing advice on how to meet these OHS regulatory requirements.

Characteristics where Employer Associations have a Competitive Edge over Other Providers in contributing to their Members and their Industry's Business Success

In summary, the literature is limited in helping to identify the kinds of characteristics of employer associations that they can uniquely bring to bear (or at least have a competitive advantage over other providers) to assist their members and their industry sector succeed in their business endeavours. Some writers have identified trust as a key characteristic that underpins the role of employer associations and provides it with a competitive advantage over
other external providers. Others have identified activities and tasks that they believe employer associations should provide for their members and much of this is based on assumptions about the power and influence that employer associations can bring to bear on their membership and industry. However, even though the literature is sparse, it is possible to draw out a set of key characteristics that place employer associations and their network in a stronger and potentially more competitive position than other providers in successfully assisting their members and their industry with their business operations.

**Established by Employers**

Employer associations (and their network) have been specifically established by employers themselves to pursue the interests of employers, ie to assist employers run their businesses, to represent the interests of employers and to represent the interests of their industry sector. This is a key mission of employer associations, it places this network in unique position and it provides a strong competitive advantage as a natural first point of call contact point for an employer on issues where specialist networks are not already well established.

Having its genesis in servicing the needs of employers, the relationship that employers have to this network is somewhat different to the relationship between employers and their accountant or their solicitor or their bank. Employer association membership brings with it a level of ownership, trust and support from their membership not enjoyed by other service providers. This in turn provides a basis for employer associations to influence what members do and think about industry and business issues and for providing leadership within the industry.

**Deep Knowledge of Industry sector**

Because of their privileged position, employer associations are in a position to obtain a deep and broad understanding of the industry sectors in which their members operate, the issues, the culture, its customs, current initiatives and future plans and directions in which the industry is moving or wants to move.
**Understanding of Industry needs**

As advocates for their members and industry sector, employer associations are in a position to develop a deep and comprehensive understanding of the full range of government, business and community issues that are of concern or potential concern to their members and the industry sectors in which they operate.

**Tapping into Leading Edge Members**

Employer associations are in a position to tap into the experience gained and lessons learned by leading edge companies in their industry in their efforts to be industry leaders and to use this for the benefit of the industry sector as a whole.

**Tapping into Broad Membership**

Employer associations are also uniquely placed to access the broader membership base (a captive audience with many similar issues and concerns) and they are in a position to tap the knowledge and expertise across the sector to assist the industry sector itself resolve issues inhibiting business success.

**Make the Links between Disparate Issues Impacting on the Industry**

As a consequence of their unique industry knowledge of the myriad of large and small internal and external competitive pressures impacting directly and indirectly on their members, employer associations are in a unique position to be able to recognise and make sense of the many issues that are usually responded to as separate issues. The are in a position to draw these together and to deal with them in a more co-ordinated way to the benefit of their membership and their industry sectors. They are also in a position to identify for their membership the opportunities that arise from changes in government activities and services, for example, where the private sector can offer significant improvements for the money spent compared with a direct government service/activity.
By drawing issues together and dealing with them in a more co-ordinated way, and particularly efforts that identify initiatives that multiply up the benefits from the investment of dollars and effort, employer associations are in a position to bring significant benefits, reduce business compliance costs and create business opportunities for their membership. This positioning also provides employer associations with a capacity to develop more services and support programs for their membership that are proactive, value adding programs rather than relying on reactive (firefighting) services.

**Sharing Industry Performance**

The unique position and trust provides employer associations with a capacity to collect and analyse a wide range of industry specific information, to collect and analyse specific information from their members and to use this data and information to share with their membership to promote industry ownership and to encourage the poorer performers to improve.

**Body of Industry Specific Expertise**

Finally, employer associations have a body of expertise focusing on the areas of interest their membership demands. This resource in itself is a unique body of expertise that other networks would find difficult to establish and sustain over the long term. In some ways, employer associations expertise base has been developed because no other network has been able to provide the service at a price acceptable to the membership. Another feature of this body of expertise is that it is not all found in the one organisation but is spread throughout a complex network of employer associations and affiliations. This web of support multiplies the overall effectiveness of employer associations in meeting individual employer needs.

Clearly the above characteristics place employer associations in a unique position to assist their membership's business interests, to be an advocate for the industry sectors in which their members operate and to facilitate a more cohesive industry approach to the benefit of both the
industry as a whole and individual members. They are uniquely placed to provide their membership with strategic business intelligence that draws together and develops an understanding of the wide range of business pressures facing their members and delivers a more complete and comprehensive assessment of future directions, opportunities and threats.

This privileged position also enables employer associations to understand the specific services and assistance their members need to assist with their business operations and to be able to negotiate the establishment of these services on their members behalf. In this context, employer associations may seek to establish the service itself as a way of meeting both members needs and the needs of the employer association.

**EMPLOYERS VIEWS ON HOW WELL EMPLOYER ASSOCIATIONS ARE MEETING THEIR OHS NEEDS**

There is very little literature providing any insights into what employers views are on how well employer associations are actually meeting their OHS related needs. The evidence that does exist suggests that employer associations could be more effective than they currently are.

Yann (1990, p 44-45) found that senior businessmen were not convinced that employer associations are making a strong contribution to OHS and prevention. Yann suggests that senior businessmen are looking to employer associations for stronger leadership in this area than they have had in the past (p45). This appears to be indicative of employers in the late 1980's and early 1990's coming to grips with new performance based OHS legislation and regulation and searching for assistance from employer associations to fill the knowledge gap and provide leadership on the way forward.

The overall conclusion drawn by Yann (1990, p 53-54) from the three levels of investigations undertaken is that senior business people believe that employer associations have a number of very positive and important roles to play in OHS and accident prevention. Business want employer associations to concentrate their OHS and prevention efforts on:
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- influencing the community focus on safety and accident prevention rather than on compensation,
- influencing OHS curricula in secondary schools and trade colleges,
- influencing government OHS policy and procedures,
- influencing industry codes of practice for accident and injury prevention,
- offering OHS training and seminars for supervisors, foremen, line managers,
- provide information on legislation,
- setting standards for work practices.

At the more specific workplace level, employer associations should:

- take a stronger role in influencing curricula for training courses,
- provide more specific industry OHS information,
- provide on site OHS training services, and
- provide statistical information to assist in monitoring performance (Yann, p47).

And companies with OHS professionals see the larger employer organisations providing an expert resource in OHS, including providing a reference network for OHS professionals to discuss issues, provide or recommend independent OHS professionals for organisations, keep members informed of major changes in OHS and provide a “sounding board” for OHS operators in companies (Yann 1990, p26).

Whilst the above reflect the views of medium to large organisations, it says nothing about the views of small businesses. Some very limited information from a small series of case studies (Lamm, 1998, p 41) indicates that these small business employers did not have a high regard for employer, trade or business associations in that they believed most associations favoured medium and large companies and ignored the small business sector. In regard to the OHS services provided by employer associations, small businesses questioned their relevance and accessibility, again believing these services to be tailored to larger organisations than smaller organisations.
On the other hand, Lamm (1998, p42) comments on the strong symbiotic relationship between small businesses and external accountants and the use of accountants for compliance advice on a range of business activities such as taxation. Lamm also points to the increasing use of external accountants for advice on financial and management (including human resource management) systems to help decision making and evaluation within small business. Whilst the response rate to the mail out survey was reported to be poor, Lamm was able to report some indicative evidence that small accountants are getting an increasing number of enquiries from small business on employment matters, in areas such as employment law, workers compensation and health and safety to a lesser extent than the first two areas (p43).

The above evidence suggests that small business do not necessarily see employer associations as a natural first point of reference to help them run their businesses in the same way that the larger business might. The extent to which small business depend on employer associations is lower than medium to large organisations, possibly due in part to the significantly lower levels of organisation of labour in the small business workplace, ie less union action, less reliance on and use of industry and occupational awards. The barriers of relevance and accessibility would clearly need to be addressed by employer associations to have any scope for increasing their capacity to influence small business employers to a comparable level as the medium to larger sized employers.

Lamm's findings also suggest that small business employers seem to have a strong relationship with small accountancy firms and that the small employers are increasingly seeking advice from small accountancy firms on activities not traditionally provided by accountants, such as OHS advice. The close interdependency of small business with their small accountancy firms could create a significant competitive advantage for accountancy firms and provide the impetus to develop into a major source of advice and support to small business on OHS issues. This would clearly be a significant threat to any employer association effort to significantly improve their OHS services to small businesses.
What is interesting from the above is that larger organisations appear to have significantly different expectations of what employer associations should do for them and their industry sector than the smaller organisations. The larger organisations expect employer associations to deliver OHS services that are heavily focused on employer associations influencing a whole range of programs impacting indirectly rather than directly on the workplace, ie activities such as influencing community views, OHS curricula in secondary schools and trade colleges, government OHS policy and procedures, setting standards for work practices etc (Yann, 1990, p 53-54). This suggests that the larger employers recognise the need for a multi level approach to controlling OHS in the workplace, are in a position to handle the OHS issues in the workplace themselves and over which they have direct control and see their employer associations influencing that which they have little or no direct influence. The data also suggests that employers believe that their employer associations are not currently as active in these areas as they should be.

On the other hand, smaller employers are focused almost entirely on obtaining support to address their own specific OHS needs and have little recognition for the need for influencing the broader agenda and the role their employer associations can play in this process. Consequently, small employer needs are very much hands on advice and practical "how to" support.

However, employer (particularly large employer) recognition of the need for their employer association to play a stronger role in upstream and the more indirect strategies is at variance with the current employer association efforts. Whilst no basic information is available on the specific OHS services provided by employer associations, anecdotal evidence suggests that employer associations as a group have concentrated almost entirely on developing OHS services that can be provided on a “fee for service” basis, ie OHS training programs, auditing services etc. They have not resourced to any significant extent OHS programs that are non income producing, such as lobbying manufacturers on behalf of their members, or effectively
resourcing the development of OHS competencies for industry sector training, or developing strategies to link OHS into other association programs or other networks such as the small accountancy firms. Services such as these are difficult to attract a fee for service and consequently, need to be funded from the associations bottom line if they are to be implemented at all. Unfortunately such programs do not seem to be able to attract employer association resources over other competing priorities.

The consequences of this are difficult to interpret. However, by focusing on delivering OHS training and auditing fee for service type programs at the expense of the just as, if not more important indirect and upstream programs, employer association efforts run the risk of placing too much emphasis on safe worker approaches at the expense of the more strategically important and potentially more significant and cost effective safe place approach. By not delivering the wide range of services possible, employer associations also run the risk of other providers entering the field and in losing the opportunity to take a leadership role in developing a more comprehensive service to industry, perhaps along the lines of the German Berufsgenossenschaften (BG) model (see Coenen (1996) for a good description of this model). Coenen (1996), provides convincing statistics that under the BG model, there has been significant long term improvement in OHS performance in German industry eg, accident rates are reported to have had approximately a 63% reduction since 1960 with rates going from 3.22 per 1,000 workers in 1960 to 1.2 in 1993, (Table 1, p51).

Clearly, both the medium and large business and the small business sectors are critical of the OHS services provided by their employer associations and lack satisfaction that the services meet their needs. Senior business people (medium to large business) believe employer associations have a number of very positive and important roles to play in OHS and accident prevention but they were not convinced that employer associations are currently making a strong contribution to OHS and prevention. They want employer associations to concentrate their OHS and prevention efforts more on issues where they are well placed to play an influential role, ie in areas such as influencing the community focus on safety and accident
prevention rather than on compensation, influencing OHS curricula in secondary schools and trade colleges, influencing government OHS policy and procedures, etc. Smaller business however, want support which is much more practical and directed at addressing their immediate OHS needs, ie very much hands on advice and practical "how to" support. In this regard small business employers consider that employer associations ignore their needs in favour of the demands of medium and large companies.

WHAT ARE EMPLOYER ASSOCIATIONS WELL PLACED TO CONTRIBUTE TO OHS IN AUSTRALIA

Whilst the data suggests that employer associations are not delivering the kinds of OHS services to the satisfaction of either their medium to large business target or their small business target sector, they are nevertheless well placed and in some cases uniquely placed to deliver the services sought by their members. The characteristics that place employer associations in a central position to contribute to their members overall business success are also directly relevant to their capacity to provide the range of OHS services and support their members want and at the same time to contribute in a proactive and significant way to improved OHS performance in Australia.

Employer Trust

The OHS legislation in Australia places the primary obligation on employers to provide a safe healthy working environment. This legal obligation is assigned to all employers of all sizes and in all industry sectors and whilst some employers have the resources to address the legal obligations without assistance, most do not and most need to seek assistance from external sources for some or all of their efforts in OHS management. Employer associations are well placed (because they have been established by employers for employers and from their historical links with industrial relations and extensions into other workplace relations matters) to capitalise on the trust and influence they have with their membership to provide or facilitate OHS services to meet employer needs for assistance in this area.
Solutions to meet Industry Specific Circumstances

The Robens style legislation that forms the basis of all jurisdictions' OHS legislation encourages an industry self-regulation philosophy and puts the obligation on employers to deal with the issue. Additionally, the performance-based legislation encourages employers to seek solutions to their OHS problems that suit their own circumstances and provides considerable flexibility on how this can be achieved.

The benefits of this approach include better outcomes tied to local enterprise conditions and the larger businesses with in-house OHS expertise are well placed to take advantage of this. However, one of the major difficulties of this more flexible approach is that most smaller employers just want to know what they need to do to comply with their legal obligations. They are not resourced to devote significant internal resources to addressing the issue by developing their own site-specific solutions. In the main, smaller employers are searching for basic "how to" advice and assistance and for someone (employer associations) to help them identify potential OHS issues that they are not in a position to foresee, and to make sense and simplify what appear to be complex issues.

In this area, employer associations are well placed to meet their members' needs for assistance but other providers such as OHS professionals and consultants are also capable of providing an effective service. What can distinguish employer association services from other providers is price (employer associations are non-profit organisations and therefore only need to cover costs), the capacity to develop products that their membership have been involved in developing and therefore have some level of ownership and a level of trust in employer association products that is not necessarily with other providers.

This strategic shift away from governments regulating OHS at the micro level towards an emphasis on employer and industry ownership of the OHS issues in their enterprise and industry sector also provides a broad level pressure on the industry sector itself to drive
improvements in OHS performance, with employer associations well placed to advise and influence this process.

**Capacity of Industry Network**

Employer associations as a group already have a small base of expertise in OHS and experience in delivering OHS programs on which to build a more comprehensive OHS service. As a network it also can call on a very wide range of skills and resources to extend or backup its services and support programs. The point here is that employer associations have the capacity to draw together the resources within the network to do much of the thinking at both the strategic and operational levels on how to manage the OHS outcomes in the industry sector. This cannot be said for other potential networks, such as banks, solicitors and external accountants who would need to develop this base to provide a competitive service. This of course does not mean that these alternative networks are not useful mechanisms for promoting improved OHS performance nor that they could not develop the expertise to provide an effective OHS service to their customers.

**Make the Links between Disparate Issues Impacting on the Industry**

Employer association's deep understanding and knowledge of their industry sector provides the opportunity for them to draw the links between the past and the current and future industry directions. In understanding the industry and the linkages, employer associations are uniquely placed to identify the opportunities for linking OHS to other programs and projects so that OHS is not seen as a completely separate and discrete issue and where OHS issues can be most efficiently addressed to meet both employer and community needs.
Influence at Key Leverage Points

Employer association’s industry knowledge enables the association to identify and utilise the leverage points that best suit the industry or sectors of the industry rather than the industry being forced to accept a government imposed approach that provides a possibly less than satisfactory outcome both in OHS terms and in industry effectiveness terms. In relation to this point, employer associations need to give increasing priority to linking their OHS related efforts more into the broader business programs they provide for their members. And the OHS services fed into these programs need to focus more on activities that are proactive and add value to their members business, whilst not forgetting the need to provide ongoing support for the basic firefighting OHS programs which constitute the bulk of the OHS services currently provided by employer associations.

Influence Environment in which Sector Operates

The deep understanding of the industry, provides employer associations with a key capacity to provide strategic OHS advice, planning and support programs to influence upstream inputs into the industry sectors’ activities, ie designers, manufacturers and suppliers of product used in the industry. Examples of this include consultancy support when buying new equipment, promoting plant and equipment that reflects good OHS design etc. Similarly, employer associations are well placed to encourage better integration of OHS in other major government and industry initiatives, such as for example, better integration of OHS competencies into industry skills development, more effective OHS training in industry specific and the more generic tertiary and vocational management and skills training programs, more effective OHS controls in purchasing guidelines etc.

Additionally, within their own membership and industry sector, employer associations are well placed to influence the overall perspective or sentiment of the industry towards effective OHS management. To this end, effective association strategies can help to encourage members to, for example, view the management of OHS as a way of developing core skills such as problem solving skill within their workforce. This not only helps to reduce or eliminate OHS
concerns from workplaces but it also builds core skills that are essential for any business seeking to be innovative and to compete successfully in today's environment.

Repository of Industry Knowledge on Safety Performance

Employer associations industry knowledge and awareness of individual members business performance including OHS performance well places them to develop a repository of knowledge about the safety performance of individual workplaces and the industry sector. This also places employer associations in a prime position to develop industry sector OHS benchmarking services for their members and to link this with other industry, national and international experience to assist and promote competition against the highest common denominator (worlds best practice).

Share Industry Performance

Employer Associations are able to capitalise on their membership base to encourage a sharing of experiences and performance in managing OHS concerns. The Plastics and Chemicals Industry Association (PACIA), (1997), for example, have developed a program involving their members in an industry wide effort to address a poor industry OHS record when compared with the rest of Australian industry. Annual industry safety performance surveys of their members are conducted and these are beginning to show significant increases in participation and some emerging evidence to suggest that the safety and training programs put in place by members are having a positive impact on OHS performance. For example the latest report (PACIA, 1997) indicates lost time injury frequency rates of 5 days or more have reduced from 15.25 for 1995 to 9.2 for 1997. This kind of information is provided back to members to use as performance guides and to help companies identify common causes of injury in the industry.
Influence Legislative Framework

As an industry advocate, employer associations are in a unique position to represent their members concerns and to influence the OHS legislative agenda at the broadest level. Sloan (1995) argues that employers associations as a group have been effective in this regard.

Industry Leadership on OHS

Because of the influence employer associations have had over government OHS programs and projects and their central role with their membership, they are uniquely placed to provide a leadership role and to be strong advocates for improving OHS performance within their industry sector and amongst their membership. They are also well placed to lead efforts to ensure that their industry sector, for example, is not paying for other poorer performing sectors through unjustifiable offsets in levy arrangements.

Source of Industry Expertise and Information on OHS

Particularly for the smaller businesses with limited internal resources, employer associations could have the critical mass required to invest profitably in resources that can assist their members develop an understanding of the opportunities to improve OHS performance through greater understanding and embracing of the knowledge era. For example, by injecting more information technology capacity into their business, employer associations could become capable of accessing the latest and best advice on OHS for their clients (employers) and thus act as facilitators for their members. For example, the HIA has developed a simple but effective capacity to link its members into the key OHS sites nationally and internationally and this has created an interest in members themselves searching and developing their own OHS solutions. Similarly, VECCI is piloting new ways of assisting their membership with the establishment of an electronic information service in a strategic alliance with Australian Business Limited (VECCI, 1996).
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Clearly, employer associations are well placed to contribute to provide their membership and industry sector with a wide range of OHS services and support and that an expansion of current efforts could lead to a significant and sustained improvement in OHS performance in Australian industry. A fundamental characteristic underpinning this capacity however is the need for employer associations to recognise the importance on business success of better OHS performance for their members and industry sector and recognition by employer associations of the central and strategic role that they can have in delivering and facilitating improved OHS outcomes and in providing strong leadership role at all levels to drive, lead and facilitate their members efforts.

TOWARDS A STRATEGIC FRAMEWORK FOR DELIVERY OF OHS SERVICES BY EMPLOYER ASSOCIATIONS

Parameters of a Strategic Framework

In light of the above, employer associations are extremely well placed to capitalise on their key position with industry and government to provide an enhanced role in improving OHS performance in Australia. However, to succeed and to maintain the competitive edge, employer associations need to consider the delivery of effective OHS support services to their members and industry sector within a much more strategic framework. The strategic framework needs to include for example, a recognition of the different needs of large and small business members, it needs to take advantage of and build on the specialisations, expertise and strengths of the entire network of employer associations, it needs to recognise and accommodate a broader range of stakeholders through strategic alliances, it needs to take into account its competitors or potential competitors and it needs to recognise that the delivery of a successful OHS program for their members, requires the further development and maintenance of an appropriately skilled resource base.

The strategic framework also needs to incorporate OHS programs and activities that are tied not only to strategies dealing with OHS directly but also with less direct strategies that seek for
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example, to make the links between investing in OHS and its contribution to productivity and to business success. And at least four broad themes along the above lines should be reflected within the strategic framework, ie:

- Assistance to manage OHS in the workplace,
- Assistance in Using Company OHS performance for Winning Business,
- Highlighting the Benefits of Improving Consideration of OHS in Company Product Design and Manufacture, and
- Mobilising the Power of the Group to Influence Key Influences Outside Direct Control of the Individual Employer

Assistance to manage OHS in the workplace

The most obvious theme is around the need for supporting and assisting employers to effectively manage the OHS environment of their employees in the workplace. Strategies here include direct support programs such as audit services, advising on practical "how to" material and promotion of what is good OHS performance.

Assistance in Using Company OHS performance for Winning Business

This theme should focus on the fact that businesses are increasingly linking good OHS performance to the winning of business, ie good OHS performers will be better placed to win business by winning more contracts from clients. Governments are leading efforts in this regard with the placement of OHS performance requirements on businesses as a prerequisite to winning government contracts. Employer associations are in a position to develop a range of services that assist members increase their knowledge of how this works and how they can adapt to this environment. They are also in a position to promote and facilitate OHS as one of the key elements in best practice business performance (see AMC’s Leading the way p34), and to develop strategies that bridge the gap between current employer association performance in assisting members compared with superior international experience (AMC, p70 exhibit 5.1).
Highlighting the Benefits of Improving Consideration of OHS in Company Product Design and Manufacture

This theme should be focused on strategies that increase action by businesses to take account of the OHS requirements in the design and manufacture of the products and services of their own business with positive messages such as "to provide a better product than others which will assist in providing the business with a competitive advantage". Strategies to promote the business success messages will provide greater incentives for designers, suppliers and manufacturers to incorporate OHS requirements than just informing them of their obligations in this regard.

Mobilising the Power of the Group to Influence Key Influences Outside Direct Control of the Individual Employer

This theme should be developed around the need to recognise the difficulties that individual employers have in controlling all OHS risks in the workplace, that some risks are better controlled by influencing key players outside the workplace and the need for employers to identify these OHS risks so that the power of employers as a group can be mobilised to seek to obtain a better outcome. The range of strategies to support these messages include facilitative strategies that for example, enable the membership to bring issues to the table, and strategies that enable employer associations to contribute effectively to addressing the issues identified.

The above themes provide key elements of a broad framework in which employer associations can develop a more proactive and comprehensive OHS risk reduction strategy that will significantly improve OHS performance at the workplace.

Within the broad strategic framework described above, individual employer associations need to give careful consideration to the specific kinds of OHS services and activities that they provide directly for their members to ensure that the services are consistent with their competitive advantages, are cost effective and efficient and are within the capacity of the
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individual association to provide. Other OHS support required by an association's membership may need to be provided indirectly by for example, entering into strategic alliances with other employer associations that have the resources and capacity to deliver that support (or even with other external providers). In this way employer associations at all levels (local, state, national) are contributing to and working towards reducing duplication and maximising the total investment employers allocate to the employer association network for supporting OHS services. Without a co-operative approach being adopted by the network of employer associations, the comparative advantages and strengths that exist within the network will be insufficient to maintain a competitive edge over other providers such as TAFE for training activities and accountants, banks etc for many services currently provided by employer associations.

Why build an OHS Strategic Framework around a Risk Management/Control Model

A key element for business success is the way in which enterprises manage and control their business risks. The risks faced by business are many and varied, including for example, financial, property, environmental, security, social and the range of risks that Shaw (p75) calls human risk management, ie management of issues such as OHS, rehabilitation, workers compensation matters. Human risk management issues can also be interpreted more broadly to include other human relations matters such as equal opportunity, remuneration strategies, selection and dismissal strategies, dispute management and settlement strategies, training and development needs etc. In all these areas, judgements must be made on the dangers and benefits and the nature and probability of an adverse outcome compared against possible benefits.

The Industry Commission (1995, p xx) also argues that the key to controlling injury and disease at work can be found in the design and control of the workplace and the activities conducted within it, that only limited control is possible by focusing on the behaviour of those that may be injured with other factors such as design, plant, equipment, work procedures and
operational controls also shaping the health and safety risks at the workplace. The Commission further develops the point that controlling OHS in the workplace is a function of good management, that good risk management is usually a function of good management and that superior risk management requires cultural change at work. The importance of adopting a risk management approach for improving OHS performance in Australia is further developed by the Commission and underpins a number of its major recommendations dealing with improvements in regulation.

Whilst individual employers are responsible for controlling workplace risks there are many issues in the risk control process that individual employers are not able to control or influence but which have a significant impact on the risk control strategies that employers are able to adopt. Examples of these include the setting of OHS performance levels that employers must meet, the knowledge and skill levels of the workforce, the safety levels of plant and equipment used in the workplace.

Using OHS as the example, Viner (p348-372) provides a simple model that demonstrates the way in which a number of key organisations outside the enterprise or industry are in a position to influence the performance of an industry or industry sector. Viner's model draws on simple engineering concepts to describe the basic components of a simple system under control and demonstrates the basic components of the system, including the need for effective feedback loops, how the various components link together and how the additional drivers can be added to the system to provide opportunities for risk control. The risks demonstrated in the model include both risks that an employer can directly influence and those wider community or indirect inputs that create risks in the workplace over which the individual employer has much less control as an individual but over which employer associations can exert a big influence.

The Viner model recognises the key position that employer associations have in influencing OHS outcomes in the workplace with the provision of both services and activities directly supporting individual members and services and activities which impact indirectly on the
workplace through other key drivers or workplace influences. The model also allows us to locate the different kinds of OHS support employer associations can offer to their membership and to assess the extent to which employer association resources are allocated to proactive industry improvement value added programs or to the direct support services and the more reactive firefighting activities that forms the traditional work for employer associations.

Clearly then, effective strategies for improving OHS performance in the workplace need to focus on eliminating or reducing all OHS risks in the workplace and a risk management control model underpins this thinking. Strategies must not only address OHS risks in the workplace over which individual employers have a great deal of control, they must also seek to influence those OHS risks which impact indirectly on the workplace at the society or community level and over which employers have much less control individually. And at this level, employer associations are uniquely placed to identify the key players and mechanisms for influencing such risks and to draw individual employers together to provide a powerful mechanism to influence these kinds of business risks and to assist their members reduce OHS risks they would otherwise not be able to control.

**Possible OHS Services and Support from Employer Associations**

The kinds of OHS support and services employer associations are delivering or that academics, employers and governments consider they should be delivering is quite extensive. The range of possible services identified in the literature (both national and international) and from contact with large national employer associations has been brought together at Attachment 1. These have been broadly categorised into services and support activities that employer associations might be able to develop and provide on a fee for service basis and those which ought to be provided out of revenue generated by the association, including membership fees.

Clearly no single employer association has the need, the size, resources, skills or the capacity to deliver the full range of services identified in the attachment. However, as a group, the
network of employer associations are well placed to develop a strategic approach that enables
the network as a whole to encompass all these services and to enhance its role in supporting
the OHS needs of its members. By taking advantage of the strengths of the local, state and
national organisational framework of the network, OHS support programs can be strategically
targeted to the most appropriate level or levels within the network. In this way, network
resources are focused on doing what they are best placed to do for all employer associations.

In developing their OHS support program, an individual employer association could consider
looking at the range of possible OHS services and support at two levels, ie:

- the OHS services and support that can be provided directly to their members either as fee
  for service or out of other association income, and

- the kinds of services and support that will assist in improving OHS performance where
  individual employers on their own are not in a position of power to influence and/or where
  employer associations in their role as industry sector leaders and advocates for improving
  OHS in their industry sector, identify ways of injecting OHS into other industry programs or
  other programs (eg government programs) that impact on the industry.

For both levels a further consideration is the extent to which the desired OHS services and
support needs to be provided as an outcome of some kind of strategic alliance with another
employer association or external provider (such as a consultant).

The first level of OHS services and support is slowly expanding within the employer
association network, and whilst there is no empirical evidence of the increasing efforts in this
area, there are many examples of increased activity in providing OHS services directly to
association members. VECCI, a major multi industry employer association for example, now
has in place quite a comprehensive OHS service for their members with well developed
detailed business plans that include activities such as specific services directly to their
members (training, consultancies) and OHS related activities that seek to influence the
broader agenda (commenting on proposed OHS legislative changes, compensation premium
levels, participation in privatisation debates, etc). VECCI’s OHS program also generates more
revenue than it spends on delivering its OHS program, thereby contributing to the organisations overall bottom line. Similarly, HIA is now developing a very strong OHS focus and support program in response to a greater appreciation of the importance of OHS to their membership over the last 2 years. And many other examples of employer associations' undergoing an expansion of OHS services can be quoted including National Electrical Contractors Association (NECA) NSW, Australian Chamber of Manufacturers (ACM), Victoria.

At the second level there is little evidence that employer associations have recognised the importance of this as a strategic direction in which they can play a significant role assisting their members and industry sector improve OHS performance. Even within the OHS programs of the larger employer associations such as VECCI, business plans do not reflect any focus on undertaking activities that seek to influence OHS outcomes before they enter the workplace, eg designers, suppliers and manufacturers, education levels of industry, secondary school training etc. Interestingly though, there is continuing efforts to influence the OHS regulatory environment in which employers operate.

Just why employer associations have not picked up on this area is not really known and there may be more than one answer to this. One possibility is that OHS has only relatively recently (over the last ten years) been part of a major effort at government level to overhaul old ways and old legislation and to encourage new approaches and new players. In that context, employer associations have been focussing their limited resources and energies in responding to the legislative and regulatory concerns of their membership by providing basic awareness programs and some fee for service training programs. Whilst this has enabled employer associations to develop a basic level of fee for service programs and services, they have not yet reached the point where the benefits of more strategic upstream control strategies such as control of OHS risks at the source (including outside the workplace) are well understood and therefore part of their thinking and services to their members.
An equally plausible explanation is that the OHS programs and services identified as the second level of service to members are not the kinds of services for which employers would normally see as legitimate fee for service programs. In many cases, these kinds of programs confer benefits on all in the industry sector or the community as a whole and not just to the individual employer who pays a fee. For example, influencing the design of a product used in the industry benefits all in the industry. Similarly, by influencing what apprentices or tradespersons or managers are taught in their secondary and tertiary training benefits all employers.

As this creates a significant barrier to “fee for service” programs being successful in this area, employer associations need to consider a range of alternative strategies to meet members demands for action in this area. For example, employer associations could seek to use other funding mechanisms to deliver the desired outcome such as membership fees, cross subsidising from fees for service programs and government support programs.

However, to focus only on this approach would mean that the potentially most significant improvements in OHS outcomes in the workplace are tied to the relative priorities of the association in providing the range of other services from the revenue raised by the association. Other strategies must also be considered by employer associations to achieve the desired outcomes such as, for example, seeking to utilise the influence that their large and/or leading edge members may have, building desired outcomes into other programs, development of strategic alliances, development of strategies that seek to impact in more indirect but possibly more strategic ways.

Whilst employer associations have not moved into the second level of activity in a substantial way, the expanding efforts at the first level is providing an expanding base of OHS expertise and a critical resource mass on which employer associations as a group are able to tap to develop strategies and specific programs for moving into this higher level. The expanding base of expertise will also provide the knowledge base and impetus for individual employer
 associations to seek to expand their OHS support through the development of strategic alliances with other employer associations, external providers and other networks. For example, the larger employer associations may be able to provide a range of OHS services that smaller ones are unable to provide so the smaller associations link up with the larger association. This is common practice in the IR environment and should be actively pursued in the OHS context.

Developing strategic alliances with other networks may also be possible, at least at the state or national levels. For example, it may be possible for employer associations as a group to negotiate an agreement with bodies representing say, accountants or human resource managers for the provision of OHS services through the employer association network.

**SUMMARY COMMENTS**

In drawing the issues together it is clear that a case can be made for a much more proactive and substantive role from the employer association network in any national effort to drive a quantum leap forward in improving OHS performance in Australian industry. It is also clear that this network is well placed to respond to this challenge and that there are numerous forces at work that create a favourable climate for employer associations to act promptly.

The Industry Commission report tells us that OHS in Australia is a significant burden on the community both in human and financial terms, that overall performance is not dramatically improving and that most people believe there is ample scope to do better. We know that governments have been very active in trying to improve OHS performance over the last 10 years but these initiatives have not achieved the returns that many have hoped for and new and innovative approaches to the problem are needed.

At the same time the role of government is rapidly changing in response to community expectations, with governments increasingly moving out of delivering programs directly to
industry (outsourcing). This creates many challenges and opportunities for industry and the community in seeking to fill the vacuum vacated by government, and it also creates challenges for government seeking to refocus their resources into more effective and efficient services more closely aligned to community expectations.

The total business environment is also rapidly changing and becoming more and more complex with many local, national and international pressures creating both new opportunities and challenges for employers. One of the keys identified for successfully operating in such a rapidly changing environment is knowledge and information and being able to process and act on that information meaningfully and quickly. The need for all businesses (large and small) to process that information to assist in making good business decisions requires higher levels of expertise. And evidence suggests that employers of all sizes are making significant use of expert advice and assistance from external bodies to assist them more effectively achieve their business objectives.

In addition to the constantly changing external environment, employers face many barriers in seeking to improve OHS performance in their workplace, including understanding and dealing with the OHS legal framework itself, levels of awareness of OHS issues and difficulties with compliance. Many of the barriers faced by employers are a result of lack of awareness, lack of access to the knowledge and skill to develop appropriate strategies to resolve the issues of concern or lack of access to sufficient resources to address the problem. Business size and access to resources, knowledge and skills are also significant factors.

Within the above framework, employer associations are clearly well placed to take advantage (to the mutual advantage of both themselves and their members) of the opportunities created by the changing role of governments on the one hand and the increasing complexity of
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successfully running a business on the other. The factors identified that enable employer associations to be so well placed include:

• employer associations (and their networks) have been specifically established by employers themselves to pursue the interests of employers and to represent the interests of their industry sector.

• employer associations are in a strong position to develop a deep and broad understanding of workings and operations of the industry sectors in which their members operate.

• as advocates for their members and industry sector, employer associations are in a position to develop a deep and comprehensive knowledge of the full range of government, business and community issues that are of concern or potential concern to their members and the industry sectors in which they operate.

• employer associations are in a position to tap into the experience gained and lessons learned by leading edge companies in their industry in their efforts to be industry leaders and to use this for the benefit of the industry sector as a whole.

• employer associations are uniquely placed to access the broader membership base to tap the knowledge and expertise across the sector to assist the industry sector itself resolve issues inhibiting business success.

• as a consequence of their unique industry knowledge of the myriad of large and small internal and external competitive pressures impacting directly and indirectly on their members, employer associations are in a unique position to be able to recognise and make sense of the many issues that are usually responded to as separate issues. The are in a position to draw these together and to deal with them in a more co-ordinated way to the benefit of their membership and their industry sectors. By drawing issues together and dealing with them in a more co-ordinated way, employer associations are in a position to bring significant benefits, reduce business compliance costs and create business opportunities for their membership.

• employer associations are in a position to identify for their membership the opportunities that arise from changes in government programs, activities and services.
• employer associations have a body of expertise focusing on the areas of interest their membership demands. This resource in itself is a unique body of expertise that other networks would find difficult to establish and sustain over the long term.

These factors place employer associations in a unique position to assist their membership’s business interests, to be an advocate for the industry sectors in which their members operate and to facilitate a more cohesive industry approach to the benefit of both the industry as a whole and individual members. They are uniquely placed to provide their membership with strategic business intelligence that draws together and develops an understanding of the wide range of business pressures facing their members and delivers a more complete and comprehensive assessment of future directions, opportunities and threats. This privileged position also enables employer associations to understand the specific services and assistance their members need to assist with their business operations and to be able to negotiate the establishment of these services on their members behalf. In this context, employer associations may seek to establish the service itself as a way of meeting both members needs and the survival or growth needs of the employer association.

The factors that provide employer associations with a strong capacity to contribute to improving the business success of their members and their industry sector more broadly also underpin the capacity of employer association network to deliver a wide range of OHS services and support to their membership and industry sector.

The specific factors that place employer associations in a strong position to support their membership on OHS matters include:

• The OHS legislation in Australia places the primary obligation on employers to provide a safe healthy working environment. Employer associations, because they have been established by employers for employers, are well placed to capitalise on the trust and influence they have with their membership to provide or facilitate OHS services that meet employer needs for assistance in this area.
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- As the basis of all jurisdictions' OHS legislation encourages an industry self-regulation philosophy, puts the obligation primarily on employers to deal with the issue, encourages employers to seek solutions to their OHS problems that suit their own circumstances and provides considerable flexibility on how this can be achieved, employer associations and industry networks are well placed to provide a leading role in supporting employers with these responsibilities.

- Employer associations as a group already have a small base of expertise in OHS thus have some capacity to draw together the resources within the network to do much of the thinking at both the strategic and operational levels on how to manage the OHS outcomes in the industry sector. This cannot be said for other potential networks, such as banks, solicitors and external accountants who would need to develop this base to provide a competitive service.

- Employer association's deep understanding and knowledge of their industry sector provides the opportunity for them to draw the links between the past and the current and future industry directions and for linking OHS to other industry programs and projects where OHS issues can be most efficiently addressed.

- Employer association's industry knowledge enables the association to identify and utilise the leverage points that best suit the industry or sectors of the industry rather than the industry being forced to accept a government imposed approach that provides a possibly less than satisfactory outcome both in OHS terms and in industry effectiveness terms.

- A deep understanding of the industry provides employer associations with a key capacity to provide strategic OHS advice, planning and support programs to influence upstream inputs into the industry sectors' activities, ie designers, manufacturers and suppliers of product used in the industry. Similarly, employer associations are well placed to encourage better integration of OHS in other major government and industry initiatives, such as for example, better integration of OHS competencies into industry skills development, more effective OHS training in industry specific and the more generic tertiary and vocational management and skills training programs, more effective OHS controls in purchasing guidelines etc.
Employer associations are poised to deliver a much improved OHS performance in Australian workplaces.

- Employer associations' industry knowledge and awareness of individual members' business performance, including OHS performance, well places them to develop a repository of knowledge about the safety performance of individual workplaces and the industry sector. This also places employer associations in a prime position to develop industry sector OHS benchmarking services for their members and to link this with other industry, national and international experience to assist and promote competition against the highest common denominator (world's best practice).

- As an industry advocate, employer associations are in a unique position to represent their members' concerns with government and to influence the OHS legislative agenda at the broadest level.

- Because of the influence employer associations have had over government OHS programs and projects and their central role with their membership, they are uniquely placed to provide a leadership role and to be strong advocates for improving OHS performance within their industry sector and amongst their membership, and

- Employer associations have the critical mass required to invest profitably in resources that can assist their members (particularly smaller businesses with limited internal resources) to improve OHS performance through greater understanding and embracing of opportunities created by the "knowledge era", for example, by injecting more information technology capacity into their business, employer associations could become capable of accessing the latest and best advice on OHS for their clients (employers) and thus act as facilitators for their members.

Clearly, employer associations are well placed to provide their membership and industry sector with a wide range of OHS services and support. Tapping into and utilising a network with such a wide range of competitive advantages over other networks with a major, strategic expansion over current efforts in OHS could lead to a significant and sustained improvement in OHS performance in Australian industry. However, a fundamental prerequisite to this occurring is the need for employer associations individually and as a group to recognise the importance, from a business success perspective, of better OHS performance for their
members and their industry sector, secondly, a recognition by employer associations of the
central and strategic role that they are in a position to play in providing strong leadership and
support to their members in OHS and thirdly, actually developing a strategic approach and
delivering OHS programs that address their members specific OHS requirements.

Unfortunately, the evidence suggests that all levels of business, large and small, are critical of
the OHS services provided by their employer associations and lack satisfaction that all the
services currently provided actually meet their needs. Senior business people (medium to
large business) believe employer associations have a number of very positive and important
roles to play in OHS and accident prevention but they were not convinced that employer
associations are currently making a strong contribution to OHS and prevention. They want
employer associations to concentrate their OHS and prevention efforts more on issues where
they are well placed to play an influential role, ie in areas such as influencing the community
focus on safety and accident prevention rather than on compensation, influencing OHS
curricula in secondary schools and trade colleges, influencing government OHS policy and
procedures, etc. Smaller business however, want support which is much more practical and
directed at addressing their immediate OHS needs, ie very much hands on advice and
practical "how to" support. In this regard small business employers consider that employer
associations ignore their needs in favour of the demands of medium and large companies.

Whilst there is evidence of a lack of satisfaction with the range of current OHS programs
provided by employer associations, there is also some evidence to suggest that the time is
right for a more strategic approach in OHS by employer associations as a group to capitalise
on the opportunities created by the changing role of governments and the need from business
for more expert advice and support to assist business compete successfully in an ever
increasingly complex business environment.

A strategic framework for developing a more proactive approach is proposed, underpinned by
a risk management philosophy and supported by a number of themes focussing on areas of
activity that align more closely to employer association members needs. The key themes include:

- support and assistance employers need to effectively manage the OHS environment of their employees in the workplace.
- linking good OHS performance to the winning of business, i.e., good OHS performers will be better placed to win business by winning more contracts from clients.
- strategies that help increase action by businesses to take greater account of the OHS requirements in the design and manufacture of the products and services of their own business with positive messages such as “to provide a better (safer) product than your competitors will assist in providing your business with a competitive advantage”, and
- strategies developed around a recognition of the difficulties that individual employers have in controlling all OHS risks in the workplace, that some risks are better controlled by influencing key players outside the workplace and the need for employers to identify these OHS risks so that the power of employers as a group can be mobilised to seek to obtain a better outcome.

The above framework and themes provide a basis from which employer associations a group as well as individual employer associations can develop a more proactive and comprehensive OHS risk reduction strategy that will significantly improve OHS performance at the workplace. A list of possible services that employer associations could possibly provide has been developed from the literature to provide a feel for the breadth and depth of OHS activities that have been suggested as relevant services for delivery by employer associations.

The above framework and strategies provide a way forward for employer associations and their network to significantly increase their contribution and input into OHS at a more strategic and more proactive level of support to their membership. To obtain maximum benefit however, employer associations as a group need to rethink their own role, look at new ways for improving the effectiveness of current initiatives, and develop innovative approaches to implementing the OHS services expected by their members. A more strategic and proactive
role by employer associations in OHS could provide mutual benefits to both employer associations and their members. From the employer association perspective, a better alignment of OHS services to members needs could contribute significantly towards arresting the overall decline in membership of employer associations. From the employers perspective, a more effective OHS support service provided by their employer association could provide significant OHS gains at the individual employer level as well as at the industry level, where for example, industry wide efforts have a positive impact on industry workers compensation premiums.

The above framework and strategies also provides government with a mechanism to consider the role of employer associations in the context of their own strategies for moving out of direct service provision and to identify new delivery mechanisms and OHS programs where government resources will provide the greatest return for the community. Clearly, policy changes for governments at all levels (C'wealth, State, Local) are required and employer associations as a network are well placed to fill a major part of the vacuum left by government withdrawal. However, the kinds of programs that governments seek to encourage through more effective use of networks such as the employer association network, should not be programs for which a fee for service is most appropriate. Programs which impact at the systems level and which deliver wider community benefits (rather than those that confer benefits onto the individual) and where employer associations as a network (or individually) are strategically located to provide the most influence, should be identified as priority programs for government funding. Specific programs for small business should also be focussed at the systems level but there must be some recognition of the need to subsidise awareness and skills development at this level at least until the levels of awareness and knowledge of OHS in small business are much higher.
RECOMMENDATIONS

In light of the above review of the role of employer associations and their network in the delivery of OHS services and programs to their membership it is recommended that:

• employer associations develop a more strategic and proactive approach to delivering OHS programs to their members and to industry

• employer associations strongly promote with government their competitive advantages in delivering a wide range of OHS programs within industry,

• governments review their current use of employer associations and their networks for the delivery of OHS programs to the workplace and to industry and begin a process of increasing the priority of their efforts towards funding OHS programs through employer associations and their networks that have the potential to deliver significant benefits to the workplace but which are currently not viable for employer associations to fund.
LIST OF POSSIBLE OHS SERVICES PROVIDED BY EMPLOYER ASSOCIATIONS - BOTH FOR INDUSTRY SECTOR AS A WHOLE AND ENTERPRISE SPECIFIC

Possible Fee for Service Activities

- Training of management
  ⇒ Risk control
  ⇒ Hazard control strategies
- Training of employees, esp supervisors and middle management (Yann)
  ⇒ Risk control
  ⇒ Hazard control strategies
- Establishment of OHS Management Systems
  ⇒ advice, and/or
  ⇒ direct assistance/support
- Site auditing
- Consulting services
  ⇒ provide specialist OHS knowledge relevant to members
  ⇒ provide advice to members on reputable professionals to meet specific needs
- Legal advice and assistance
  ⇒ advice on OHS regulatory requirements
- Accident/Major Incident Assessment Services
  ⇒ advice/assistance with investigations of accidents or major incidents
  ⇒ advice on action required and practical solutions
  ◦ could include advice on comparative performance of similar sites but where no accident or major incident has occurred
- Development and distribution of industry sector resources, such as:
  ⇒ OHS standards
  ⇒ practical industry specific guidance/guidelines
  ⇒ case studies on good performers in the industry,
  ⇒ OHS videos
  ⇒ safe work procedures
  ⇒ etc.
- Provision of OH medical services, eg:
  ⇒ health checks
  ⇒ screening programs
  ⇒ inoculations
  ⇒ etc
- Organise and maintain member discount schemes on OHS training, consultancy services, clothing, safety equipment, personal protective equipment, relevant OHS standards and codes, etc.
- Assess adequacy of new equipment designs proposed for use in industry sector
  ⇒ German model
  ⇒ larger Employer Associations
  ⇒ possibly in conjunction with educational institutions, external engineering and OHS professionals
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Possible Activities for which Fee for Service Payments are difficult to Justify

- Library facilities
  ⇒ including relevant national and State OHS standards and codes, Standards Australia standards, OHS laws and regulations etc
- Industry OHS awareness raising via:
  ⇒ conducting training courses, conferences and seminars
  ⇒ producing industry magazines and newsletters
  ⇒ participating in trade shows
  ⇒ senior management presentations, breakfasts etc
  ⇒ industry based OHS awards
  ⇒ others?
- OHS advocacy within own employer constituency and industry sector
  ⇒ increase priority and commitment to OHS management
- Industry representation and advocacy re industry OHS concerns/issues, eg:
  ⇒ with government on proposed and actual legislative impacts,
  ⇒ with industry training bodies, advocating and resourcing the integrating of OHS initiatives into broader industry training developments
  ◊ medium to longer term strategy to improve OHS performance in the industry
  ⇒ with manufacturers, importers, suppliers etc of product and resources to the industry
  ◊ influencing the products and machinery used in the industry to reduce the number of hazards entering into the workplace in the first place.
  ⇒ with other key OHS players such as the medical professions, research professionals
  ⇒ at the secondary school level to create awareness of industrial hazards and prevention strategies
- Community advocacy re OHS matters
  ⇒ contribute to moving community attitudes and philosophy from an accident compensation perspective to an accident prevention perspective
- Promote and facilitate the conduct of research into industry specific OHS issues
- Promotion of local alliances (partnering schemes)
- Development and distribution of Industry Safety Alerts
- Develop and maintain Industry Sector Accident/Incident Data Base
- Be an "Expert" Resource for members/industry sector (Yann), eg:
  ⇒ provide a reference network of OHS professionals
  ⇒ provide OHS professionals directly to members/industry sector
  ⇒ recommend independent OHS professionals to members/industry sector
  ⇒ provide a “sounding board” for OHS operators in member companies
- Keep members informed of new initiatives, changes to OHS laws, guidelines etc.

Major Integrated OHS Service

- Provide comprehensive Workers Compensation insurance service for industry sector (as per German model)
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REFERENCES


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