

June 2006

Continuing our theme of **Frequently Answered (or asked) Questions (FAQs)** under each of the of: **Organisational culture and motivation - Communicating - Training** (staff), **educating** (managers) and **incentives**.

There was a small response from the last *NEWSLETTER*. I am very mindful that many of our members (we have nearly 70 now) are students – this is excellent, as I predict that one day PEOPLE RISK will form a large part of overall Risk and Uncertainty Management.

If there are any students who wish to ask general questions on material covered by this SIG (but not for general discussion), then please feel free to e-mail me, marking the missive “Student Matter”.

I have received a further *Financial Times* cutting from Michael Ocock relating to the BP in the USA story – it is reported that the Company is now facing a criminal grand jury investigation in respect of the Alaska spill. The implications for our SIG will be delved into later in the year when I tackle the higher management scenario in greater depth.

Turning to the important basic issue raised in *NEWSLETTER NO. 4*, Question 1, regarding non reporting - I am indebted to Andrew Mills and Brian Rowlands for adding extensive submissions to expand my existing data bank on shifting away from the *Blame Culture*, which is an important aspect of this topic. I have compiled a resume under the feature below to conclude my response to Edward Sankey’s original question.

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This month’s feature

Previously I commented on a bonus scheme that encouraged employees to report their *own* accidents – well first things first! Now we come to the important aspect of reporting of incidents, caused by *others*, that they witness.

Two basic methods are known: Firstly, the continuance of the financial *Bonus* methodology and, secondly, the making it a disciplinary offence NOT to report other peoples incidents.

A) The financial bonus scheme usually falls into two sub-divisions: payment of money for *grassing others up* – I have always felt this to be a rather crude

tool. Then, there is the concept of *Group Safety Bonus* payments, where the action of one causing an accident, loses a bonus life for the whole group. This should cause greater care to be taken, but also there is arguably a greater incentive not to report incidents for fear of the consequences.

I have come across this methodology being used in the oil industry and the question of financial incentives will be codified and expanded on later within the SIG's life.

In the meantime, if anyone has any experience of employee (group) financial bonuses, could they please write to me.

B) The second way of encouraging the reporting of incidents, including near misses, caused by others is to make it a **disciplinary** matter not to so report:

Being afraid of the consequences of receiving blame is a major human fear – most staff have the job at heart, but self preservation has priority. This applies to both relations with the employer and with fellow employees. Risk Managers should constantly try to reduce the force of the *blame culture*. Not easy and you will note that I said “reduce” not “eliminate”. You cannot eradicate responsibility for blame, especially in criminal or other legal situations, but we can all try to understand how mistakes are made and wherever possible have a *fair blame* policy.

Reporting could all be to a central point within an organisation (or division/unit of an organisation), thereby by-passing any managers known for covering up bad news – but great care must be taken not to undermine the natural status of managers in line – individual solutions will have to match individual situations.

The Risk Framework – is it possible that control measures (however well intentioned) can actually reinforce the *blame culture*? The answer is YES: I mentioned above legal situations, we have responsibilities placed on managers by all sorts of Regulations, e.g financial services, for reporting losses/incidents etc..

An interesting methodology, is the refining of the reporting procedure to ask people who are impacted by the incident to submit a report (this could be in addition to the customary one from the manager responsible). The reasons put forward for this argument are threefold:

1. Fundamentally, there is no incentive to play down the scale of the incident.
2. The “victim” is usually better placed to assess the scale of the loss, than the “perpetrator”.
3. In the event of the error having a knock on effect to other parts of the

business, they are all obliged to report to the risk team or other central point.

Again, your contributions from experience would be appreciated. (I will report on any significant replies on this topic in the next issue under opening comments).

Newsletter - No. 7

This will be issued as soon as possible - in the meantime:

KEEP SENDING THOSE COMMENTS IN. I need more from you, please, on examples of raw data being wrongly converted into information for decision making and as above for group employee bonus schemes and reporting methodology.

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Secretary

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