THE SHIFT DIGITALIZING WORKPLACE SAFETY AND LABOR RELATIONS

Sodales Solutions

Confessions of a CHRO

As the global economy grows, it becomes highly critical for companies to develop a big-picture mentality and seek strategies for sustainable competitive advantage in the marketplace. Times are tough. Competition is at its peak. Gone are the days of autocratic leadership, when a single authoritative figure could take the sole responsibility of decisions within an organization. Times have progressed, and we have now become more receptive towards a Laissez Faire type approach. Ultimately derived from this concept, the most recent critical action item in a CHRO's agenda is ***Employee Wellbeing***.

Employee Wellbeing defines the underlying concept of employee satisfaction through a combination of factors - be it physical, psychological or the social aspects of a workplace. This culture seems to be present in business entities with a strong predefined set of values. Value-driven companies are capable of promising justice and a secure environment for its employees. This value structure allows for consistent decision-making in organizations.

Employee Wellbeing Equals Productivity

While most organizations are aware of the concept of employee wellbeing, only a few companies thoroughly understand the importance of this facet in Human Resource Management. An article by Engage for Success deeply examines the linkage of an employee's health and wellbeing with his/her commitment towards work - overall impacting business productivity. The article argues that employee engagement and wellbeing should not be regarded as separate units. In fact, carefully built health and wellbeing initiatives can show a striking return on investment (ROI). The article quotes a study made by the National Institute for Health and Clinical Excellence (NICE), that recommends the following method of development:

    (i)   "Take a strategic and coordinated approach to promoting employees' wellbeing.

    (ii)   Assess opportunities for promoting employees' mental wellbeing and managing risks.

    (iii)   Promote a culture that supports flexible working.

    (iv)   Promote a supportive and participative management style." (2014:4)

When employees begin to see management value their wellbeing, it develops a sense of trust and security within them. This way they are more likely to reciprocate with cooperating towards the company's overall business goals. Unhappy workers, on the contrary, are perceived to be more cynical resulting in counter-productive behavior during working hours. Robert Walters performed surveys with hiring professionals and reported results in his study, *The Value of Promoting Employee Health and Wellbeing*. Walters quotes, "Encouragingly, 92% hiring managers believe that employers have a responsibility

to support and enhance employee health and wellbeing. However, 59% of employers and 56% of professionals believe their organization does not do enough to support employee health and wellbeing." (N.d)

Considering productivity is directly correlated with employee wellbeing, these numbers are surprisingly low. The good news is that additional stats reported by Robertson Cooper in 2014 from a research conducted by Rights Management, showed that 41% of organizations viewed wellbeing programs as a bonus - not a necessity. Meanwhile, 78% organizations are predicted to have a scalable reporting structure by the year 2018 for employee wellbeing.

41% OF ORGANIZATIONS VIEWED WELLBEING PROGRAMS AS A BONUS - NOT A NECESSITY.

78% OF ORGANIZATIONS ARE PREDICTED TO HAVE A SCALABLE REPORTING STRUCTURE FOR EMPLOYEE WELLBEING. (BY YEAR 2018)

People-First

The pursuit of well-being programs starts with inclusivity. As this concept achieves more positive momentum, a change becomes apparent in the job applicants in today's market. Previously employees were dependent on unions to fight for their rights. Statistics from The Fiscal Times revealed that in the year 1983, 20% employees were unionized. At the time of the study in 2015, the number had dropped to 11% (Meyer, 2015). This figure is still steadily deteriorating as the millennials express more lack of interest in attaining unionized jobs.

One reason for this indifference towards unions may be the changing work atmosphere in today's day and age. Management in successful competing businesses welcome the inputs and participation from employees while keeping their best interests in mind. These practices are effective and display a noteworthy reduction in absenteeism and employee turnover. Forward-thinking companies are quick to adopt the people-first strategy. A Harvard Business Review (Charan, Barton, Carey, 2015) has recommended a 3-step methodology that a CHRO can follow when carrying out these initiatives. Keeping the

people in mind and their involvement as the priority, business strategies can be designed by starting off with predicting positive outcomes, diagnosing problems, and then prescribing actions for them.

(i) <u>Predict outcomes</u>: A CHRO needs to be able to align the long-term goals of CEOs and CFOs. This means having short-term and long-term plans that target the process gaps within a company. Input can be gathered from a diverse group of people in an organization to come up with meaningful predictions. For instance, what should be a fair amount of pay for an employee based on the value he/she creates for the company? How can digitalization positively contribute towards future results? What training initiatives can be taken? How might a structured incident reporting plan prevent incidents from re-occurring? What change management approach might be required and which new policy handbooks need to be written? A pro-active and collaborative approach might be implemented when writing these policy handbooks. Feedback surveys might need to be conducted including reviews from employees as well as management. A robust record keeping system needs to be maintained; and the list goes on. As more companies adopt this big-picture thinking, the industry gradually shifts towards a new era of employee well-being.

(ii) <u>Diagnose problems</u>: Some of the concepts for this methodology may overlap with the ideology. The only difference is that this approach would take a reactive stance, instead of a proactive one. For example, enable an incident reporting structure so that investigation can be commenced, and a resolution can be found immediately to cut down the current delays. If investigation gets delayed and evidence is lost, reaching resolution becomes more problematic. The question is, how do we reach the cure for the problem and find the cause of it, simultaneously? A CHRO is expected to tie the predicted outcomes while diagnosing future outcomes. If a good reporting and analytic structure is defined as step-one, a CHRO can use diagnosis to pinpoint why certain variances are showing in the reporting results.

(iii) <u>Prescribe actions to add value</u>: The more versatile a company is, the better they will perform at this stage. As part of this methodology, a CHRO will recommend the appropriate course of actions and develop a roadmap to further enhance company's performance. By becoming open to digitization, agile thinking and making important transformative investments, an organization is securing its place in the global market.

Harvard's Framework (Beer et al, 1984) asserts the need to align business strategy with HRM strategies. This framework concurrently stresses the need for agreement between employees, management and/or unions as referenced by Rahim K. Jassem in *"Competitive Advantage Through the Employees."* Whether an organization is controlled by unions or

management, business decisions are becoming dependent on the surrounding people in an organization. Not following this framework can have its consequences.

The Black Swan

The black swan is a theory that describes the unexpected drastic impact of an allegedly minor event. The Economist Intelligence Unit (N.d) reported that 71% of institutional investors fear that tail risk events could get escalated and invite unwanted global attention within 12 months' time. Businesses have become conscious of potential lawsuits and it becomes the responsibility of a CHRO to safeguard them by becoming risk-averse. Below are two precautionary measures that can avoid black swan events from occurring.

(i) Compliance with the Legislation:
The Labor Relations Act, Occupational Health and Safety Act and Employment Act are just a few examples of HR policies that could pose a potential threat to businesses in case of negligence or non-compliance. A CHRO must be educated on the latest laws and make sure all parties gain access to the right median in order to reach the resolution.

(ii) Conflict Control:
The key to conflict control is communication. This is very similar to the approach we follow in our personal relationships. When there is a conflict, do you avoid it? If you do, then this avoidance can lead to some ruthless future disagreements.

Same is the case in a work environment. To manage conflict, the recommended strategy is to address it immediately. Carefully crafted communication programs by HRM are the best preventative measures that could eliminate conflict which could potentially blow out of proportion and turn into Black Swans.
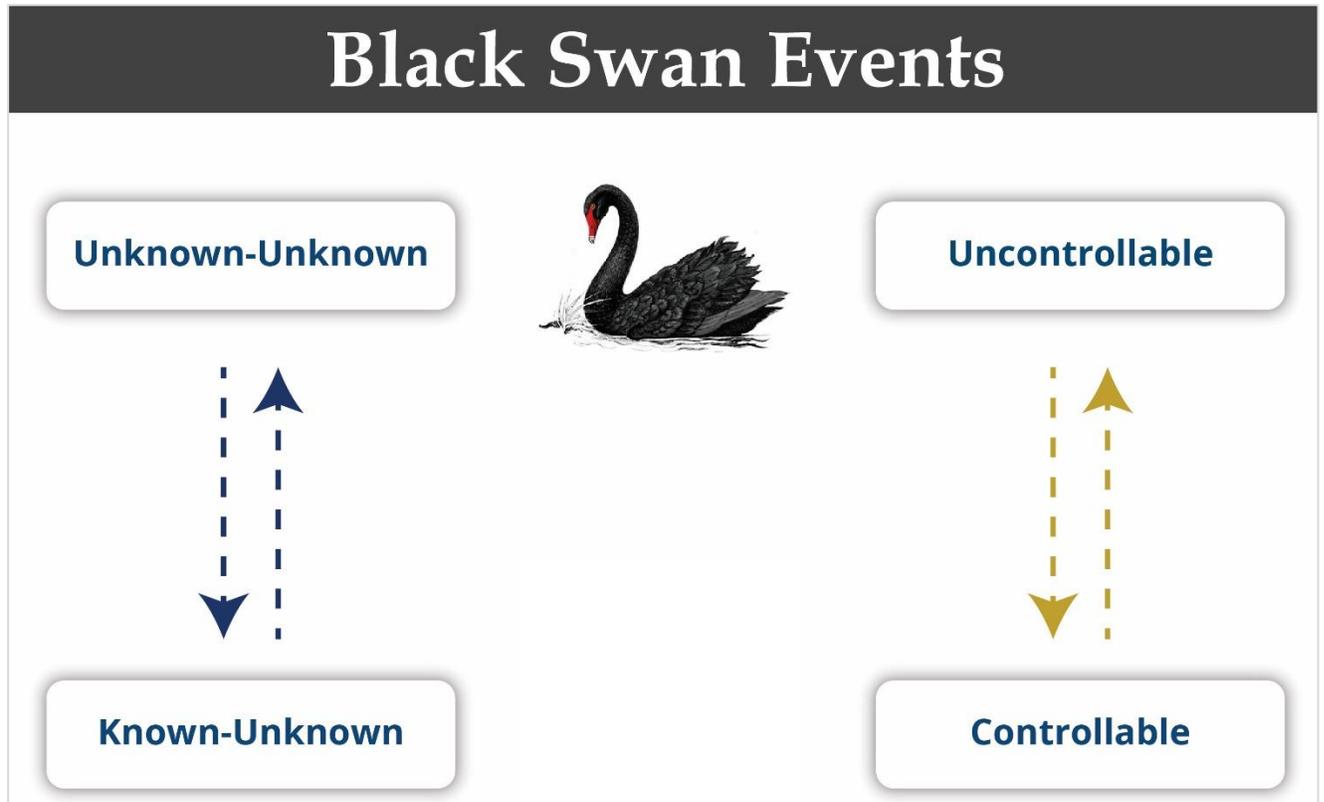
Emerging Trends in Labor Relations

Labor Relations dives into some customary issues in various areas of Employee Wellbeing. These differ from wage benefits, severance pay, seniority benefits, health benefits and collective agreements. Labor Relations is a paradigm for the dichotomy between "mutual compliance" and "mutual commitment" (Walton, 1987a). Mutual compliance alludes to the idea of the transactional relationship between management and employee. Employee performs for the business and management responds with monetary benefits in exchange for the services received. Mutual Commitment, on the other hand, offers commitment and devotion from employees towards the organization's long-term vision; to which the management responds by committing to employee wellbeing. This is done by offering employees security.

Honor the Law and the Collective Bargain Agreement (CBA)

Employment security is not just offered by unions. However, in union based organizations both unions and management recognize that the Collective Bargain Agreement (CBA) will not satisfy every party's requirements. Regardless of this, the unions, management, and employees need to honor the bargaining agreement. The bargaining agreement aims to mitigate settling of disputes by providing clauses which sometimes involve government intervention as well. Labor Relations is expected to abide by the statutory regulations. Globalization has now reduced the impact of statutory regulations in businesses and although these legislations superficially protect the employees, they do little to augment the system. As de-unionization becomes prevalent in today's world, management steps in with new approaches to boost development of wellbeing while maintaining a balanced median.

Choosing Rights

The Labor Relations has started to become more flexible in its approach and is deviating from the standard bargain agreement by allowing a broader spectrum to employers while encouraging employee participation. This is the idea proposed by Richard Edwards in his journal *Employee Participation and the New Industrial Relations:*

Organizations sized 20 employees and more would be required to write a policy handbook.

*Every year, more than **4.1 million** workers suffer a serious job-related injury or illness.*

The management could do this by choosing a standard handbook chartered by a private or public commission. Management could also write a handbook with tailored terms and conditions of their own. The policy handbook needs to be an appealing contract for the employees as they would be the ones to ratify it during elections. Thus, this system allows enough leeway for the management while providing fair packages to employees. This approach would benefit both union and non-unionized environments.

Key Trends in Employee Health and Safety

"Every day, more than 12 workers die on the job. Every year, more than 4.1 million workers suffer a serious job-related injury or illness. (U.S Dept. of Labor, 2012)" These alarming figures stress the need to have an optimized and holistic framework in place, to cover various areas of health and safety in all work environments. Ergonomics, airborne issues, long-term illness, infection control and noise thresholds are some deeper areas of focus, apart from the bare minimum protection from workplace injuries. This area in HR needs to be given top most priority as it is reflective of the company's organizational values.

Preventative Measures

Below are some practices highlighted that can be implemented in all industries such as manufacturing, retail, healthcare, technology, construction, service etc.

(i) Build awareness and provide training programs to educate employees on potential hazards. A clear list of instructions should be accessible by the staff, so they know what steps to take during emergency situations.

(ii) A strong reporting structure needs to be applied with ease of entry. This means that if an employee requires reporting an incident, he should face no limitations to do so.

(iii) Be open to employee feedback as they are the ones directly exposed to the hazards. A process needs to be established which allows for periodic check-ins to see if employees have additional hazards to report which could lead to the agile development of the program.

(iv) Lastly, management needs to embrace and invest in innovative technologies. Savvy companies introduce their own solutions to alleviate the health and safety processes. Some seek third-party vendors to implement software into the company. The digitization of the process allows real-time information to be collected and for users to have the collaborative experience that companies aim to achieve.

Digitalization of HR

The Gartner IT Glossary defines Digitalization as, "the use of digital technologies to change a business model and provide new revenue and value-producing opportunities; it is the process of moving to a digital business".

Leverage Innovative Technology

Digitalization can be tremendously beneficial to a company. Digitalization of a business model fundamentally enhances scalability. Implementing these technological processes will be a one-time hefty cost for an organization but in the long-run, each transformative

initiative will start to cost less overall supplementing more opportunities and ROI. Switching over from the primitive paper-based design can expand the prospects for a company. This can drive punitive business decisions by automating the steps and making use of some key performance indicators (KPIs). This can also enhance collaboration by allowing mobility and standardized workflows.

Industry 4.0

Some emerging technologies that have been invented with the objective to lead in the business market include software-enabled "intelligent" products. The Industry 4.0 is aiming to offer smart solutions that will surpass human intelligence in a way never experienced before. These digitally intelligent products can read real-time information about product utilization, location, mileage, service/maintenance need, timing etc. to designated users at the right time. Industry 4.0 introduces futuristic digital concepts through blockchains, machine learning, Internet of Things (IoT) and Artificial Intelligence (AI). These connected and interactive products take quality control to the next level by performing predictive analysis and curtailing scrap.

In Employment Health and Safety (EHS) and Labor Relations, many activities are repetitive, primarily based on standard business rules. Predictive algorithms can be utilized to draw conclusions to carry out day-to-day activities. Machine Learning helps automate highly repetitive tasks by tracking patterns using large volumes of data contained within the incidents, grievances, and collective agreements. Internet of Things (IoT) can help us collect information in real-time from physical objects. An example of this could be a transportation company triggering a health and safety event by setting thresholds for various parameters. Thresholds can be set for suffocation level, noise rules and/or light severity. Once the IoT readings reach these thresholds, an automatic alert can be sent out to the right users to take immediate action.

Policy handbooks can be made more transparent and intelligent with the use of big data technologies. These policy handbooks can be programmed in the system before any person decides to file a grievance. A manager or employee can directly talk with the system by simply asking, "what are my rights for overtime?" The technology can also make accurate recommendations to managers during decision making by tracking the repetitive trends and using past precedence or predictive algorithms. In modern-analytics, for digital enterprises, 80% efficiency improvements can be made by reducing the paper trail and the hours put in by individual workers to study different business queries.

Cloud Solutions that Streamline Employee Relations and Enhance Workplace Safety

Employee relations management and workplace safety are some of the highly specialized and regulated business functions of HR organizations. Despite the technological advancements of industry 4.0, most companies still use paper-based occurrence reports for these processes. The processes of tracking risks, incidents, grievances, CBA management and disciplines are highly manual. Due to the lack of integration of incidents/grievances with HR employee files, the management team doesn't have the visibility into the detailed reporting and actionable incidents. This limits the companies to properly manage their claims costs, grievance costs as well as workplace safety. In addition, the lack of visibility of grievances at step1 and 2 as well as the details of incidents/grievance types prohibits companies from analyzing the grievance related data and make judgments about lessons learned to improve organizational policies

Sodales Solutions Inc. helps HR leaders drive innovation and meet their specific business needs with pre-built cloud extensions for SAP SuccessFactors HCM suite. These solutions utilize the technologically advanced tools such as mobile, big data, cloud, internet of things, analytics and machine learning to streamline the HR processes. Using role-based views, these solutions support the regulatory demands for corporate safety groups as well as for the labor relations teams.
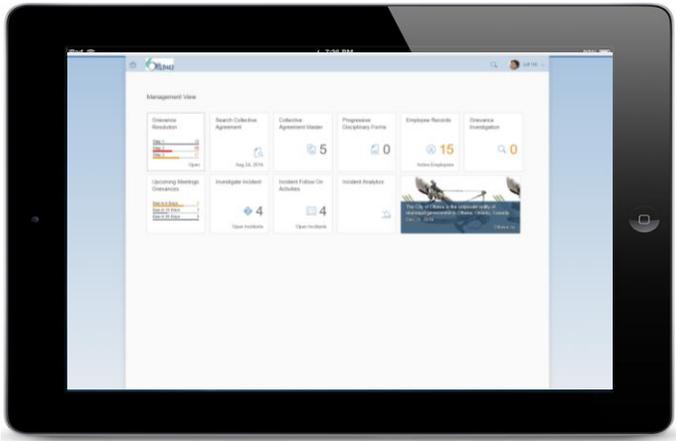
SAP SuccessFactors Cloud Extensions For H&S Incidents and Grievance Management

The Labor Relations Software by Sodales offers features covering grievances, progressive disciplines, performance reviews and seniority rules management, including those involving unionized work environments. Management can perform investigations of each grievance with online collective bargaining agreements, manage grievance costs, conduct disciplinary actions, and record all steps in a single place.

The Health and Safety Worker's Compensation Solution by Sodales utilizes industry standard forms to create health and safety incidents, investigate incidents and perform root cause analysis. Using configurable workflows and worker's compensation reporting for OSHA/WSIB/WCB, the solution helps organizations reduce claim costs and workplace risks. The solution also provides pre-configured workflows for hazard reporting as well as for site inspection.

HR organizations in regulated industries are enhancing compliance and improving collaboration across the organization with these specialized cloud solutions. They are now better connected with their employees. In a recent case study, organizations reported a 30% reduction in the number of incidents and grievances within the first 6 months of the implementation of these applications. They were able to comprehend the gaps in their operations and design focused training programs for their employees and supervisors. The dynamic seniority calculation engine greatly simplified the severance payouts and job bidding management. The drag and drop output templates enabled auto-generation of disciplinary letters. As a result, the Labor Relations and Operations teams greatly improved their productivity and operational excellence.

For more information about **Sodales Solutions visit the SAP App Centre.**

For customers interested in learning more, schedule a detailed demonstration: **info@sodalessolutions.com**

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