Safety culture in supply chains: ‘Customer is king’.

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Abstract

Despite the presence of many regulations governing the operation of heavy vehicles and supply chains in Australia, the truck driving sector continues to have the highest incidence of fatal injuries compared to all other industries. The working environment has been the focus of attention by safety researchers during the past few decades, with particular consideration been given to the concept ‘safety culture’ and how to maintain, modify and advance responses to occupational risk. One important aspect of the heavy industry which sets it apart is the existence of cultural or sub-cultural influences at an industry wide and occupation-specific level rather than organisational level. This paper reports on the findings of stakeholder’s perceptions of the influences of power and control, and culture on industry safety. In-depth structured interviews were conducted during 2011 with Australian industry stakeholders (n=31). The questioning surrounded decision-making processes with regards to identifying risks, self-monitoring and reducing risky activities; as well as how power-affected relationships may influence the operational performance of supply chains and impacts on driver safety. One of the most significant findings from these interviews relates to the notion of power. The perception that the ‘Customer is King’ was widely viewed, with the majority of stakeholders believing that there exists a ‘master slave mentality’ in the industry. There appears to be great frustration in the industry as to the apparent immunity of customers (particularly retail supply chains) to their responsibilities. There was also a strong perception that the customer holds the balance of power by covertly employing remuneration-related incentives and pressures. Smaller trucking companies are perceived as being more vulnerable to the pressure of customer expectations.

Introduction

It is well known that the transport industry is unique – it interacts with every other industry in a constantly changing work environment. It is also highly competitive, with a large number of small-medium private businesses making ‘thin margins’. The different demands and expectations of end-consumers have a clear impact upon an organisations’ freight task. This is for the most part the case when an organisation is delivering goods to an external customer.

A number of the organisations have freight networks that practically cover the whole of Australia, spanning — but not limited to — the major population centres. Others were only responsible for moving goods along a specific set of routes, such as from grain producing regions to port and subsequent export. The main aim of supply chains is to provide maximum on-shelf availability at the lowest cost.

The movement of freight between suppliers and retailers in the supply chain has traditionally been characterised by distinct responsibilities being understood by each party with regard to
points of control within the chain and the safe movement of freight. In the past, suppliers retained control of the delivery task using their own fleets or outsourced carriers to deliver the product to the retailers' stores. Over the past decade, significant transformations to the comparatively straightforward and discrete relationships between the players in the chain have occurred. Major Australian retail chains have followed the path of their counterparts in many comparable countries and have begun to assume the leading management role within their supply chains. While in some cases suppliers continue to make the arrangements for the delivery of freight to their customers, in others retailers have set up their own distribution centres and have largely taken control of the storage and movement of freight along the supply chain. Maintaining synchronisation of the upstream and downstream activities adds pressure to the relationships with suppliers and customers.

Previous research has indicated that one of the major influences of safety performance is a strong pressure throughout the entire organisation to complete the work as quickly as possible even at the expense of safety (Wright, 1986). Research conducted by Feyer and Williamson (1995) indicates that there are numerous effects of pressures working in the industry, with many of these related to the work organisation, in particular the organisation of work and rest.

Up until recently, road transport laws have generally held drivers and in some cases, owners and operators responsible for safety on the road. Other parties in the transport chain who might influence the mass or dimension of a load, the manner of restraining that load, or driver fatigue, have rarely been held responsible (ATA, 2011). The reason is that it has been difficult to apply the Chain of Responsibility (COR) under previous laws. The COR provisions recognise that many people in the supply chain are in a position to cause or contribute to a situation where a truck driver acts in breach of the fatigue management laws. Rather than focusing solely on drivers and operators, authorities can investigate along the supply chain and up and down the ‘corporate chain of command’.

Despite efforts by the industry to improve safety, it is suggested that ‘other parties’ in the supply chain have a significant influence on safety, and that further improvements are unlikely to be made until the ‘other parties’ accept more responsibility. Knowingly or unknowingly, the activities of customers, consignors, agents, and suppliers have a major influence on drivers’ fatigue levels, overloading, load restraint, and speeding, all of which affect safety. Systems, people and processes are the key influences.

Zohar (2010) argues that if the managerial and behavioural components are not aligned to drive and reinforce an organisational behaviour supportive to supply chain objectives and operations, the supply chain will likely to be less competitive and profitable. Consequently, if productivity is favoured over safety across a variety of situations, it implies a higher priority and employees will align their behaviours accordingly to the detriment of safety (Zohar, 2010). At the forefront of this apparent ‘corporate chain of command’ are the issues of safety culture, power and control.

Issues of culture, power and control are so intertwined that the concept of power should be included in the study of safety culture (Antonsen, 2009). Relating safety culture to power implies moving beyond some of the traditional conceptions of safety culture, where culture is associated with consensus and harmony. This is quite necessary, both to be able to give more valid accounts of organisational dynamics regarding safety, but also in order to avoid the ‘mutation’ of the concept of safety culture into authoritarian safety doctrines. This is in turn necessary to preserve the scientific value of the concept of safety culture. The strength of
power-based approaches lies in the emphasis on questions regarding whose interests organisations serve.

This paper reports on the findings of stakeholder’s perceptions of the influences of power and control, and culture on industry safety.

**Method**

In-depth structured interviews were conducted during 2011 with a diversity of stakeholders (including employers, depot managers, receivers, schedulers, consignors, government transport groups) from the Australian trucking industry (n=31).

The questioning surrounded managerial decision-making processes with regards to identifying risks, self-monitoring and reducing risky activities; as well as how power-affected relationships may influence the operational performance of supply chains and impacts on driver safety. Stakeholders were informed that a variety of factors regarding workplace safety, road safety and organisational safety culture, were at the core of the project’s objectives.

Participants were largely recruited by way of collaboration with state trucking associations and by recommendation from stakeholders that were involved in these interviews (i.e. snowball sampling). Snowball sampling is a chain referral sampling method that relies on referrals from initial subjects to generate additional subjects (Van Meter, 1990).

**Results**

While there emerged a number of different themes pertaining to the notion that ‘customer is King’, the main themes of ‘culture’ and ‘power and control’ are examined in this paper.

**Culture**

The characterisation of what culture is in the industry appears to be somewhat diverse. There was widespread support that it takes a select person to be a truck driver, and that driving a truck get in your blood as there is a sense of freedom and autonomy being on the road. One stakeholder suggested that the culture is on average 50-53 years old and they get stuck in their ways and don’t want to change things that have worked for them for years. Another stakeholder stated that drivers are not machines and companies have to be smarter at managing schedules. The lack of financial rewards and shift-work hours appears to make truck driving a non-desirable career, which is an influencing factor on the culture. Many stakeholders indicated that stereotyping of truckies still exists.

Some stakeholders described there being an old culture and a new culture. The old culture is described as drivers being fast, hard and heavy and breaking every rule in the book to move freight quickly. One stakeholder suggested that the older group has entrenched practices and injuries were a badge of honour. The sense that there was a loyalty to the culture rather than the company is a theme that consistently arises.

The new culture appears to be relevant to the past 15 years and is described as being ‘it's smart to be safe’ for cost-control measures. One stakeholder defined the new culture as people wanting to do the right thing. The new culture is also described as ensuring drivers
have adequate rest breaks and investing in the well-being of employees. One stakeholder suggested that drivers eating healthy foods were also part of the new culture. Skills levels of drivers was also seen as being part of the new culture to ensure that safety is proactive rather than being reactive in nature. Interestingly, one stakeholder stated that safety first is a marketing ploy by the majority of companies.

Power and control

There appears to be great frustration in the industry as to the apparent immunity of customers to their responsibilities and the power-play both up and down the supply chain. The ‘master slave’ mentality is believed by many in the industry to be alive and well. One stakeholder suggested that the trucking industry is a can-do place and never likes to say no. Another stakeholder (general manager of a transport company) suggested that there is a general lack of understanding of the timeframes required to move freight and customers just want their products. Additionally, he suggested that customers don’t understand their obligations as the chain of responsibility was aimed at the transport industry not customers. Another stakeholder indicated that there are many imperfections in the system.

There was a general consensus in the industry that customers (particularly in retail supply chains) apply covert pressure down the COR to alleviate their responsibilities. One safety manager of a large trucking company stated that the biggest issue is that clients don’t think they have responsibilities and that there is a master slave mentality in the industry. Smaller trucking companies appear to be more vulnerable to the pressure of customer expectations although larger trucking companies may not always be defenceless against the pressure as they advocate that they are about servicing their customers. One safety manager of a large transport company indicated that customers want to run at optimum productivity and that time-slotting arrangements are one of the biggest issues. The general consensus from parties down the supply chain is that the balance of power needs to be fair and equitable. The issue of contractors and subcontractors was a sore-point for many stakeholders with one suggesting that they act as a buffer to covert pressure to disregard obligations. However, not all stakeholders agreed with these widespread industry beliefs. One key stakeholder stated that there is a fair degree of mythology about the overt pressure of consigners of freight to act illegally

Interestingly, one general manager of logistics at a large retail supply chain indicated that the company has more fear of injuring employees/visitors than being prosecuted for COR breaches. Additionally, another stakeholder suggested that the average truck operator worries about the practicalities of operating his business (e.g. employees sick, costs, scheduling) than COR breaches. All in all, there is a prevalent belief that some companies are immune.

Many of the stakeholders interviewed also expressed concern about the dire lack of enforcement and fair enforcement by transport departments for COR breaches. The notion of self-regulation is considered gone within the industry, however there appears to be an industry wide belief that there is no deterrence for breaching the COR as there is no certainty of being prosecuted. One stakeholder indicated that there are enough laws but they need to be enforced and if there is greater enforcement, then there are better safety outcomes.
Discussion

The findings from this research with trucking industry stakeholders supports anecdotal evidence that although there has been some shift in the culture of the trucking industry over the past decade, current supply chains typically remain driven more by issues of power and control rather than mutual, win-win intentions. The Global Financial Crisis (GFC) appears to have further elevated the degree of power asymmetry in the industry and placed more pressure on transport companies to yield to power influences. At the same time, many industry stakeholders interviewed considered power and control to be an omnipresent, unmanageable part of everyday core business.

Conclusion

Further research is required to examine the integrated relationships within supply chains particularly with trust, cooperation and commitment and the loss of relationship control due to power influences.

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References


