4.2 Analyse Alignment Between OHSES Objectives and Organisational Performance Metrics

Learning Outcome

By the end of this session, learners should be able to analyse how Occupational Health, Safety, Environment, and Sustainability (OHSES) objectives align with organisational performance metrics. Learners will explore the selection of appropriate Key Performance Indicators (KPIs), the integration of leading and lagging indicators into business performance systems, the relationship between OHSES performance and organisational objectives, and the use of performance data to support strategic decision-making and continual improvement.

Introduction

Modern organisations recognise that "what gets measured gets managed." While financial metrics such as profit, revenue, and return on investment remain important, they provide only a partial picture of organisational performance. Increasingly, organisations understand that long-term success also depends on the effective management of Occupational Health, Safety, Environment, and Sustainability (OHSES).

OHSES objectives should not exist independently of business objectives. Instead, they must be integrated into organisational performance management systems so that leaders can evaluate whether strategic decisions are creating safe workplaces, protecting the environment, promoting sustainability, and delivering value to stakeholders.

Alignment between OHSES objectives and organisational performance metrics enables organisations to measure progress, demonstrate accountability, identify opportunities for improvement, and make informed strategic decisions.

What are OHSES Objectives?

OHSES objectives are specific, measurable outcomes that an organisation aims to achieve in relation to occupational health, safety, environmental protection, and sustainability.
Examples include:

- Reduce workplace injuries by 25%.
- Achieve zero fatalities.
- Reduce carbon emissions by 30%.
- Increase near-miss reporting by 50%.
- Improve employee wellbeing.
- Reduce hazardous waste generation.
- Achieve ISO 45001 certification.
- Improve contractor safety performance.

Objectives should support both operational excellence and strategic business goals.

What are Organisational Performance Metrics?

Performance metrics are measurable indicators used to assess whether an organisation is achieving its strategic objectives.

Performance metrics measure areas such as:

- Financial performance
- Operational efficiency
- Customer satisfaction
- Employee performance
- Quality
- Innovation
- Environmental performance
- Safety performance
- Sustainability performance

Effective organisations integrate OHSES metrics into their overall business performance framework rather than treating them as separate compliance measures.

Why Alignment Matters

When OHSES objectives align with organisational strategy:

- Strategic priorities become clearer.
- Resources are allocated more effectively.
- Leaders make better decisions.
- Risks are identified earlier.
- Organisational performance improves.
- Stakeholder confidence increases.
- Continuous improvement becomes measurable.

Poor alignment often results in organisations focusing solely on financial outcomes while neglecting safety, sustainability, and long-term resilience.

1. Selection and Alignment of OHSES Key Performance Indicators (KPIs)

What are KPIs?

Key Performance Indicators (KPIs) are measurable values used to determine whether an organisation is successfully achieving its strategic objectives.
Effective KPIs should be:

- Specific
- Measurable
- Achievable
- Relevant
- Time-bound (SMART)
- Aligned with organisational strategy

1. Selection and Alignment of OHSES Key Performance Indicators (KPIs)

Effective OHSES KPIs should:

- Reflect strategic priorities.
- Encourage continual improvement.
- Support evidence-based decisions.
- Be easily understood.
- Be measurable and verifiable.
- Promote proactive risk management.
- Drive positive behaviours
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Examples of Strategic OHSES KPIs

Health

- Occupational illness rate
- Health surveillance completion
- Employee wellbeing participation
- Mental health programme utilisation

1. Selection and Alignment of OHSES Key Performance Indicators (KPIs)

Safety

- Lost Time Injury Frequency Rate (LTIFR)
- Total Recordable Incident Rate (TRIR)
- Fatality rate
- Near-miss reporting frequency
- Safety observations completed
- Behavioural safety participation

Environment

- Carbon emissions
- Energy consumption
- Waste recycling rate
- Water consumption
- Environmental incidents
- Hazardous waste reduction

1. Selection and Alignment of OHSES Key Performance Indicators (KPIs)

Sustainability

- ESG performance score
- Renewable energy usage
- Community investment
- Supply chain sustainability
- Sustainable procurement

Aligning KPIs with Strategy

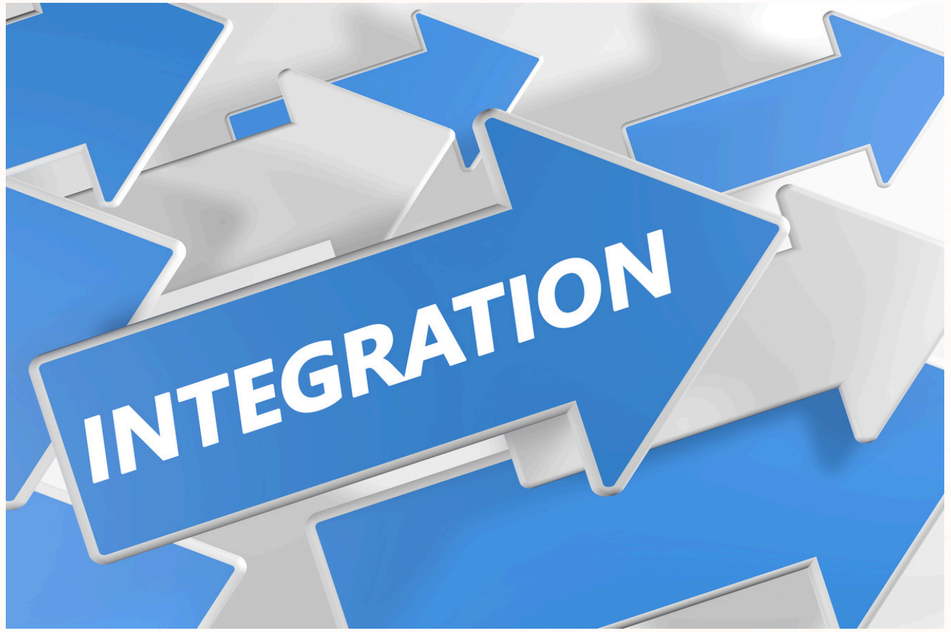
Example:
Strategic Objective

Become the safest manufacturer in the industry.
Supporting KPIs:

- LTIFR below industry average.
- 100% safety training completion.
- 95% corrective actions closed within 30 days.
- Increase near-miss reporting by 40%.

The KPIs directly measure progress towards the strategic objective.

2. Integration of Leading and Lagging Indicators into Business Performance Systems



Performance measurement should include both leading and lagging indicators.

Leading Indicators

Leading indicators measure activities that help prevent future incidents. They are proactive.

Examples:

- Risk assessments completed.
- Safety inspections.
- Behavioural observations.
- Training completion.
- Safety meetings.
- Preventive maintenance.
- Near-miss reporting.
- Emergency drills.
- Safety audits.

Leading indicators help predict future performance.

2. Integration of Leading and Lagging Indicators into Business Performance Systems

Lagging Indicators

Lagging indicators measure events that have already occurred.

Examples:

- Fatalities.
- Lost time injuries.
- Occupational illnesses.
- Environmental spills.
- Regulatory prosecutions.
- Compensation claims.
- Property damage.

Lagging indicators measure outcomes but cannot prevent past events.



Why Both are Needed

Using only lagging indicators means organisations react after incidents occur.
Using only leading indicators may overlook whether improvements actually reduce harm.
Combining both provides a balanced picture of organisational performance.



Balanced Performance Example

Leading Indicators	Lagging Indicators
Safety inspections completed	Lost Time Injuries
Risk assessments updated	Fatalities
Safety training completed	Environmental incidents
Near-miss reports	Regulatory fines
Preventive maintenance	Property damage

This combination allows organisations to measure both prevention and outcomes.

3. Linking OHSES Performance to Organisational Objectives and Reporting Frameworks

Example:

Organisational Objective	Supporting OHSES Objective
Improve operational excellence	Reduce workplace injuries
Enhance sustainability	Reduce carbon emissions
Increase productivity	Improve worker wellbeing
Strengthen corporate reputation	Improve ESG performance
Achieve regulatory compliance	Zero legal breaches

This alignment ensures OHSES contributes directly to business success.

Reporting Frameworks

Reporting Frameworks
Performance should be communicated using recognised reporting frameworks.

Examples include:

ISO 45001

- OH&S objectives
- Performance evaluation
- Monitoring and measurement
- Continual improvement

ISO 14001

- Environmental performance
- Compliance obligations
- Environmental objectives



Reporting Frameworks

Global Reporting Initiative (GRI)

Reports:

- Worker safety
- Environmental impacts
- Sustainability performance
- Social responsibility

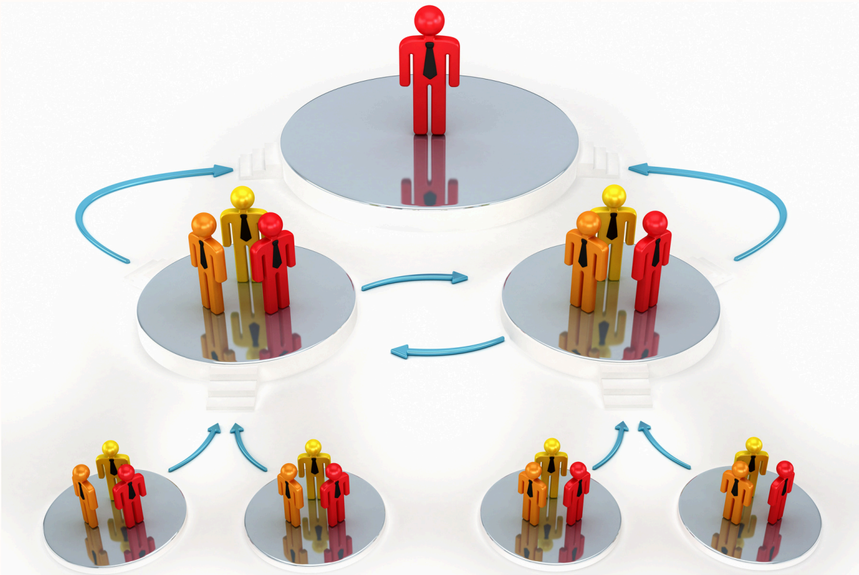
ISSB Sustainability Standards

Supports investor-focused sustainability reporting.

ESG Reporting

Measures:

- Environmental performance
- Social responsibility
- Governance effectiveness



Balanced Scorecard Integration

Many organisations integrate OHSES into the Balanced Scorecard, which evaluates performance across four perspectives:

Perspective	Example OHSES KPI
Financial	Cost of incidents, insurance premiums, environmental liabilities
Customer	Customer confidence in safety and sustainability performance
Internal Processes	Audit completion, corrective actions, compliance rates
Learning & Growth	Training completion, safety culture surveys, leadership development

This ensures OHSES contributes directly to strategic business performance.

4. Use of Performance Data to Inform Strategic Decision-Making

Performance data provides evidence for strategic decisions.
Without reliable data, decisions rely on assumptions rather than facts.
Sources of OHSES Performance Data

- Incident investigations
- Risk assessments
- Audits
- Workplace inspections
- Environmental monitoring
- Health surveillance
- Employee surveys
- KPI dashboards
- Benchmarking
- Regulatory reports



Using Data Strategically

Performance data helps leaders:

- Identify trends.
- Prioritise investments.
- Allocate resources.
- Evaluate policy effectiveness.
- Improve operational performance.
- Predict emerging risks.
- Support board reporting.
- Strengthen governance.

Example
Data shows:

- Increased manual handling injuries.
- Rising absenteeism.
- Declining employee wellbeing.



Using Data Strategically

Strategic response:

- Invest in mechanical lifting equipment.
- Redesign workstations.
- Improve ergonomics.
- Introduce wellbeing initiatives.

The decision is based on objective evidence rather than assumptions.



International Frameworks Supporting Performance Alignment

ISO 45001

Requires organisations to:

- Establish OH&S objectives.
- Monitor performance.
- Evaluate effectiveness.
- Improve continually.

ISO 14001

Supports:

- Environmental objectives.
- Environmental monitoring.
- Performance evaluation.

International Frameworks Supporting Performance Alignment

ISO 9001

Promotes:

- Evidence-based decision-making.
- Performance evaluation.
- Process improvement.

ISO 31000

Integrates risk information into strategic performance management.

COSO Enterprise Risk Management (ERM)

Links governance, performance, strategy, and risk management.

ESG Framework

Integrates financial and non-financial performance into corporate reporting.

Practical Case Study

Scenario

A global logistics company aims to become the industry's safest and most sustainable transport provider.

Strategic Objectives

- Reduce workplace injuries by 30% within three years.
- Reduce carbon emissions by 20%.
- Improve employee wellbeing.
- Increase customer confidence through ESG reporting.

Selected KPIs

Leading Indicators

- Driver safety training completion.
- Vehicle inspections completed.
- Near-miss reporting.
- Preventive maintenance compliance.
- Wellbeing programme participation.

Practical Case Study

Lagging Indicators

- Road traffic incidents.
- Lost Time Injury Frequency Rate.
- Carbon emissions.
- Customer complaints.
- Insurance claims.

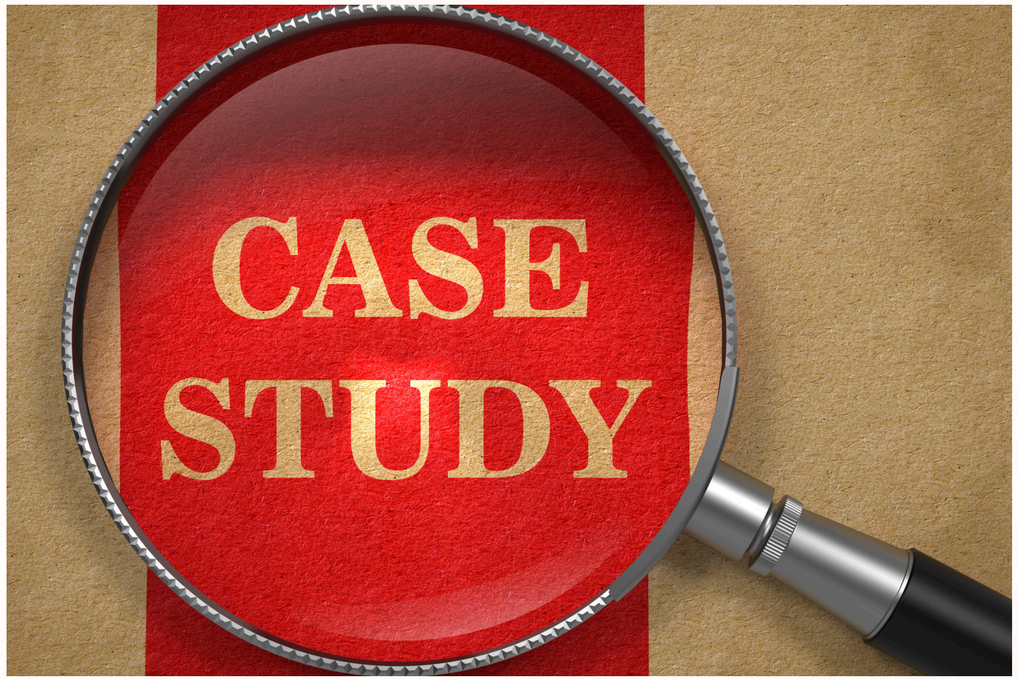
Performance Analysis

Quarterly data reveals:

- Training completion increased to 98%.
- Near-miss reporting increased by 45%.
- Vehicle inspections improved significantly.
- LTIFR reduced by 22%.
- Carbon emissions reduced by 12%.

Strategic Decision

Based on performance data, senior leadership approves further investment in driver fatigue monitoring systems, low-emission vehicles, and digital safety technologies. These decisions align OHSES objectives with organisational goals, strengthen sustainability performance, and enhance long-term business value.



Critical Evaluation

Aligning OHSES objectives with organisational performance metrics transforms health, safety, environmental, and sustainability management from a compliance activity into a strategic business function. Effective alignment ensures that OHSES contributes directly to corporate objectives, supports governance, enhances organisational resilience, and drives continual improvement. The integration of leading and lagging indicators provides a balanced approach to performance measurement by combining proactive prevention with outcome evaluation. However, organisations must ensure that KPIs remain meaningful, evidence-based, and aligned with changing strategic priorities. An excessive focus on numerical targets without understanding organisational context may encourage unintended behaviours, such as underreporting incidents or prioritising easily measurable outcomes over meaningful improvements. Therefore, performance metrics should support learning, accountability, and informed decision-making rather than merely measuring compliance.



Reflective Questions

- Why is aligning OHSES objectives with organisational performance metrics essential for strategic management rather than merely operational control?
- Compare the strengths and limitations of leading and lagging indicators in measuring OHSES performance.
- How can poorly designed KPIs create unintended consequences, such as underreporting or goal displacement?
- In what ways do reporting frameworks such as ISO 45001, GRI, ISSB, and ESG reporting strengthen organisational accountability and stakeholder confidence?
- How can performance data be used to support strategic investment decisions and drive continual improvement?



Key Takeaways

- OHSES objectives should be fully aligned with organisational strategy to support sustainable business performance.
- Well-designed SMART KPIs enable organisations to measure progress, demonstrate accountability, and achieve continual improvement.
- A balanced combination of leading indicators (proactive measures) and lagging indicators (outcome measures) provides a comprehensive view of performance.
- OHSES performance should be integrated into recognised reporting frameworks, including ISO 45001, ISO 14001, GRI, ISSB, ESG, ISO 9001, and COSO ERM, to enhance governance and transparency.
- Performance data is a strategic asset that enables evidence-based decision-making, informed resource allocation, effective risk management, and improved organisational resilience.
- Organisations that align OHSES objectives with business performance metrics are better positioned to improve safety, environmental stewardship, stakeholder confidence, operational excellence, and long-term value creation.

Thank you