



Ensuring a Safer  
Workplace  
through a  
Comprehensive

**CONTRACTOR  
QUALIFICATION  
FRAMEWORK**



# The Indispensability of Workplace Safety

In May 2020, a mining company suffered a heavy blow to its operations. Following an underground explosion rocking its metallurgical mine, the company was compelled to shut down operations for quite some time. It was later revealed that the mine had been struggling with flammable gas levels, which were above the safe limits.

This was not a one-off incident. In 2020, the number of fatal work injuries in the US stood at 4,764. That amounts to about 13 workers dying every day.<sup>1</sup>

This growing rate of work-related fatalities has led regulatory bodies to tighten their grip on workplace safety protocol violations. For instance, following the January 2021 revision, OSHA increased its penalty for willful or repeated violations to a staggering US \$136,532.<sup>2</sup>

The repercussions of workplace incidents go far beyond penalties. During the 2019-2020 period, the Health and Safety Executive reported the loss of 38.8 million workdays due to workplace incidents in the UK.<sup>3</sup> However, even as occupational safety becomes the focal point for business sustainability, most organizations have failed to address a critical aspect of ensuring an incident-free workplace: contractor compliance.

According to OSHA's multi-employer citation policy, both contractors and hiring companies can be held responsible for a workplace incident. Despite this, 84% of chief supply chain officers (CSCOs) said that visibility across supply chains was the biggest challenge they faced.<sup>4</sup>



# Responding to the Threat: Contractor Qualification

By now, most organizations are familiar with the legal liability arising from activities of contractors and suppliers at a worksite. They recognize third-party compliance as the most difficult risk exposure to address and properly manage. One of the most effective ways to deal with this challenge is to develop a strong and effective contractor qualification framework.

Prequalifying, training, and requalifying contractors form the cornerstone of ensuring properly coordinated safe work. On the other hand, if an organization fails to establish a contractor qualification program, it could face significant risks. These include civil penalties from government regulatory agencies, tort liability arising from personal injury and fatality, and even criminal prosecution of company supervisors and upper management.



However, many organizations have invested time and energy to develop contractor qualification programs only to be disappointed by poor compliance levels and compromised contractor relationships.

# The Challenges of Establishing a Robust Contractor Qualification Program

As far as ensuring workplace safety through contractor prequalification is concerned, organizations must overcome several challenges. One of the most discussed obstacles is the need to sift through large volumes of paperwork.

The weakest link in your qualification efforts may be your current program.

Apart from dealing with staggering levels of documentation, organizations need to overcome the following challenges:



## Difference in expectations

In many cases, organizations fail to establish an effective supply chain qualification and management process because they take a one-size-fits-all approach. When it comes to qualifying suppliers and contractors, requiring the same documents of every contractor regardless of size, risk exposure or business discipline can fall short of closing the gap between safety expectations.

## Communication

Similar to most business-related problems, communication is also at the core of contractor frustration. When contractors are not made aware of the hiring organization's requirements, non-compliance is likely to follow. To resolve this issue, contractors need a comprehensive view of the safety compliance requirements, which, in turn, must take into consideration the contractor's specific job profile.



## Difficult software

Even when contractors understand qualification requirements, non-transparent and difficult software can be an impediment. It helps to have intuitive tools and processes that support the demands of reporting.

## Return-on-investment

Unless there is a value-added benefit beyond maintaining your business, many contractors view third-party qualification as an unnecessary expense. Some benefits contractors appreciate are a large supplier network and compliance support.



# Measuring the Effectiveness of a Contractor Qualification Program

Now that we have explored the challenges contractors may face meeting your requirements in the qualification process, it is time to evaluate your current contractor safety and qualification program. This will help gauge its potential impact on your contractor relationships. Organizations can use the scale in the chart below to rate their qualification program for each applicable program element.

Once all items have been rated, the sum of each column will yield the total score.

	RVA	Agree		Somewhat Agree		Somewhat Disagree		Disagree
	0	1	2	3	4	5	6	7
My current program allows for custom compliance requirement based on contractor type and risk level		1	2	3	4	5	6	7
My current program includes training for contractors about qualification requirements.		1	2	3	4	5	6	7
My current program facilitates ongoing communication with contractors.		1	2	3	4	5	6	7
My contractors understand the requirement of our qualification program.		1	2	3	4	5	6	7
My contractors have a single point-of-contact who can explain requirements and/or answer questions.		1	2	3	4	5	6	7
My current program is set up to prequalify suppliers and proactively notifies our contractors before documents and date expire.		1	2	3	4	5	6	7
My current program validates key information that is submitted by contractors.		1	2	3	4	5	6	7
I am satisfied with the current outcomes of our qualification and management program.		1	2	3	4	5	6	7
My current program makes it easy to identify and work with the contractors or suppliers who are already compliant with my requirements.		1	2	3	4	5	6	7
If a fee is charged, our contractors and suppliers believe the fees they are charged are reasonable for the service they receive.		1	2	3	4	5	6	7

Calculate columns (# if the responses x score)

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**Total Score:**

Please see the next page to evaluate your score >>

## Total score= 0-9:

Organizational risk related to contractor relationships is **very low**. You're doing a great job! Be vigilant in maintaining your contractor qualification and management program as you scale. Come back to measure your program's effectiveness in 6-12 months to identify areas for improvement.

## Total score = 10 - 30:

Organizational risk related to contractor relationships is **low**. While the existing contractor qualification and management program is on the right track, there is plenty of room for improvement. Organizations at this level must focus on leveraging better processes with industry best practices and updating the benchmarking framework.

## Total score = 31 - 50:

Organizational risk related to contractor relationships is **medium**. The contractor qualification and management program have some deficiencies, which could negatively impact contractor and third-party relationships. Unless corrective action is taken, the organization will continue to have moderate risk exposure.

## Total score = 51 - 70:

Organizational risk related to contractor relationships is **high**. Such a high score necessitates immediate attention to the contractor qualification and management program. This will help protect the organization from damaging contractor relationships and potentially negative operational impacts. At this stage, organizations must focus on designing a supply chain qualification and management program. The program must be customized to meet the unique business requirements of your contractors and reduce risks as quickly as possible.



## Leveraging the Right Partner

As important as it is, getting the contractor qualification framework right can be a tricky affair. With over 15 years of industry experience, Avetta can help you establish a robust contractor pre-qualification program that aligns with your expectations. Moreover, our workforce management tool helps you manage your contractors and identify the best-suited personnel for any given role. By verifying the competency of every individual worker, we ensure that your worksite has only the most qualified contractors working on high-risk jobs. Our contractor audit service lets you review your suppliers' employee safety manuals, identify issues, and suggest recommendations.

When hiring new vendors, organizations can leverage the Avetta Connect platform to identify compliant contractors and utilize an easy-to-complete prequalification process. This will help ensure all contractors or suppliers you work with align with your policies. And thanks to regular audits, organizations can ensure continuous adherence to these requirements.

## References

<sup>1</sup>**U-S workers die on the job per day on average:** <https://www.cnbc.com/2021/12/29/bls-estimates-that-13-us-workers-die-on-the-job-per-day-on-average.html>

<sup>2</sup>**OSHA Penalties:** <https://www.osha.gov/penalties>

<sup>3</sup>**Working days lost in Great Britain:** <https://www.hse.gov.uk/statistics/dayslost.htm>

<sup>4</sup>**Build Your Trust Advantage:** <https://www.ibm.com/thought-leadership/institute-business-value/c-suite-study>



### About Avetta

The Avetta SaaS platform helps clients manage supply chain risk, and their suppliers, to become more qualified for jobs. For the hiring clients in our network, we offer the world's largest supply chain risk management network to manage supplier safety, sustainability, worker competency and performance. We perform contractor prequalification and worker competency management across major industries, all over the globe, including construction, energy, facilities, high tech, manufacturing, mining, and telecom.



For suppliers in our network, our audit and verification services help lower their safety incidents rate by 29%. As a result, about 50% of members find additional job opportunities within the first year of joining. In addition, our suppliers receive privileged access to the Avetta Marketplace, where dozens of partners offer special discounts for business services like insurance and work gear. Avetta serves more than 500 enterprise companies and over 125,000 suppliers across 120+ countries.