Economic incentives: a way to influence company behaviour?

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Reasons for not having developed a policy, management system or action plan on health and safety?

% establishments, all 31
Note: establishments with no documented policy on health and safety

- Not necessary: 54%
- No expertise: 53%
- No financial resources: 32%
- Don't see the benefit: 39%
- No time: 47%
How to motivate employers? How to reach the workplace?

- **Regulation: Command and control**
  - Only guarantees a minimum level
  - Problem of enforcement, not enough inspectors
  - Costly to take companies to court

- **Information about good practice**
  - Preaching to the converted
  - Does the SME around the corner look on our website every day?
Premium discount model - Finland

- Farmers employment accident insurance (MATA) for self-employed farmers
  - Each claim free year:
    - premium reduction: 10%
    - every consecutive year: +10%
    - max of 50% for 5 consecutive years
  - Each compensated accident:
    - 10% loss of discount
    - Upper limit

Decrease in overall injury rate: 10.2%

(Rautiainen, R.H. et al. (2005). Effects of premium discount on workers' compensation claims in agriculture in Finland. American Journal of Industrial Medicine, 48 (2), 100-109.)
## Incentive model in German butchery sector

<table>
<thead>
<tr>
<th>Preventive approach</th>
<th>Tangible measures</th>
<th>Bonus Points (can reduce premium by 5%)</th>
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</thead>
<tbody>
<tr>
<td>Technical measures</td>
<td>Use special safety knives</td>
<td>8 points</td>
</tr>
<tr>
<td>Organisational measures</td>
<td>Road safety training for drivers</td>
<td>8 points</td>
</tr>
<tr>
<td>Individual measures</td>
<td>Use skin protection agents</td>
<td>6 points</td>
</tr>
</tbody>
</table>
Incentive model in German butchery sector

- Participants: ca. 8000
- Non-participants: 12000


Accidents per 1000 FTE
A review of case studies evaluating economic incentives

- Butchery sector incentive scheme leads to ca. 1000 accidents less/year
- Costs for incentives € 8.32 Mio Euro (6 years, 2002-2007)
- HSE estimates 6670 € costs for each reportable accident
- Business case
  • 6000 accidents × 6.670 € = 40.02 Mio €

4.81 € savings for every 1 € invested


http://osha.europa.eu
Society perspective:
Who pays the cost of an accident?
Company perspective: Investment in safer machinery

Machine A
- Good performance
- Fits to legal requirements
But
- Is very loud
- Bad usability
- Cost: 10,000 Euro

Machine B
- Good performance
- Fits to legal requirements
But
- Is more silent
- Good usability
- Cost: 12,000 Euro
Who pays the difference of € 2000?

- **Insurance premium variations**
  - Occupational accidents and diseases
  - Specific risk of sector
  - Prevention activities such as training, investments, personal protection measures

- **Tax incentives**, e.g. better write-off conditions

- **Better banking conditions**, e.g. lower interest rates

- **State subsidies**, e.g. for innovative investments or reorganisation

- **Certification of OSH management systems** (e.g. reimbursement of certification fees)
Report on economic incentives

- European countries could benefit from more economic incentives!
- Incentive schemes can reduce accident rates significantly:
  - Agriculture Finland: 10%
  - German butchery sector: 12%
  - INAIL bank loans: 13-25%
- Exchange of European experience leads to new incentive schemes
- More on the web in 22 languages:
Structure of Incentives Guide

- Analysis of social frameworks and financial conditions
- Developing a strategy for an incentive scheme
- Defining target group and areas of action
- Developing effective incentive schemes
- Promoting incentive schemes
Conclusions

- We need both: promotion of the business case and external economic incentives
- Make business case more clear for SMEs
- External economic incentives can
  - Be effective in all EU countries
  - Be attractive for SMEs
  - Promote also health, not only safety
- The EU-OSHA project has stimulated a mutual learning process between economic incentives organisations, e.g. Italy, France, Finland, Switzerland, Cyprus
Thank you very much for your attention!