

Economic incentives: a way to influence company behaviour?

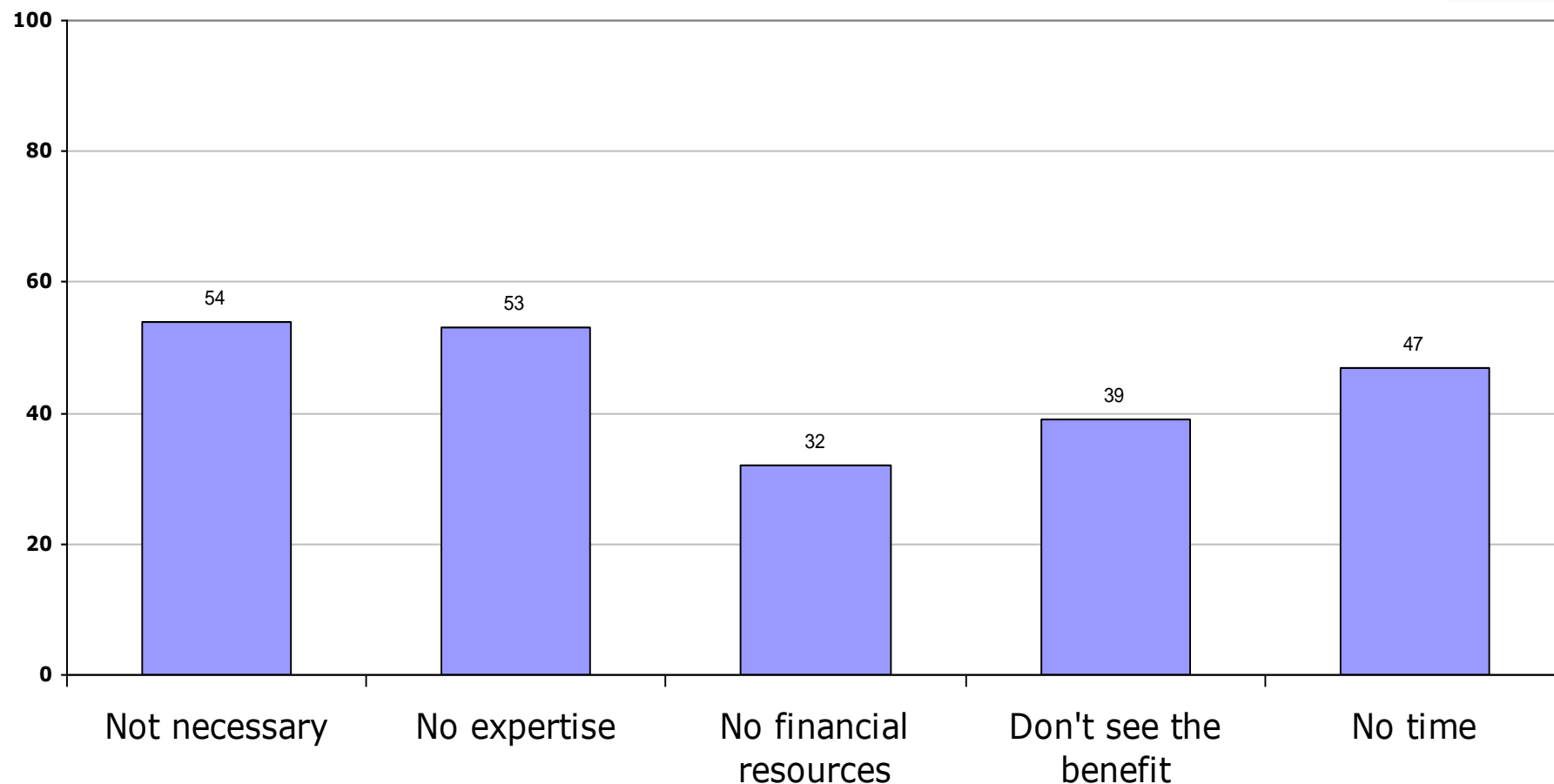
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Reasons for not having developed a policy, management system or action plan on health and safety?

% establishments, all 31

Note: establishments with no documented policy on health and safety



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

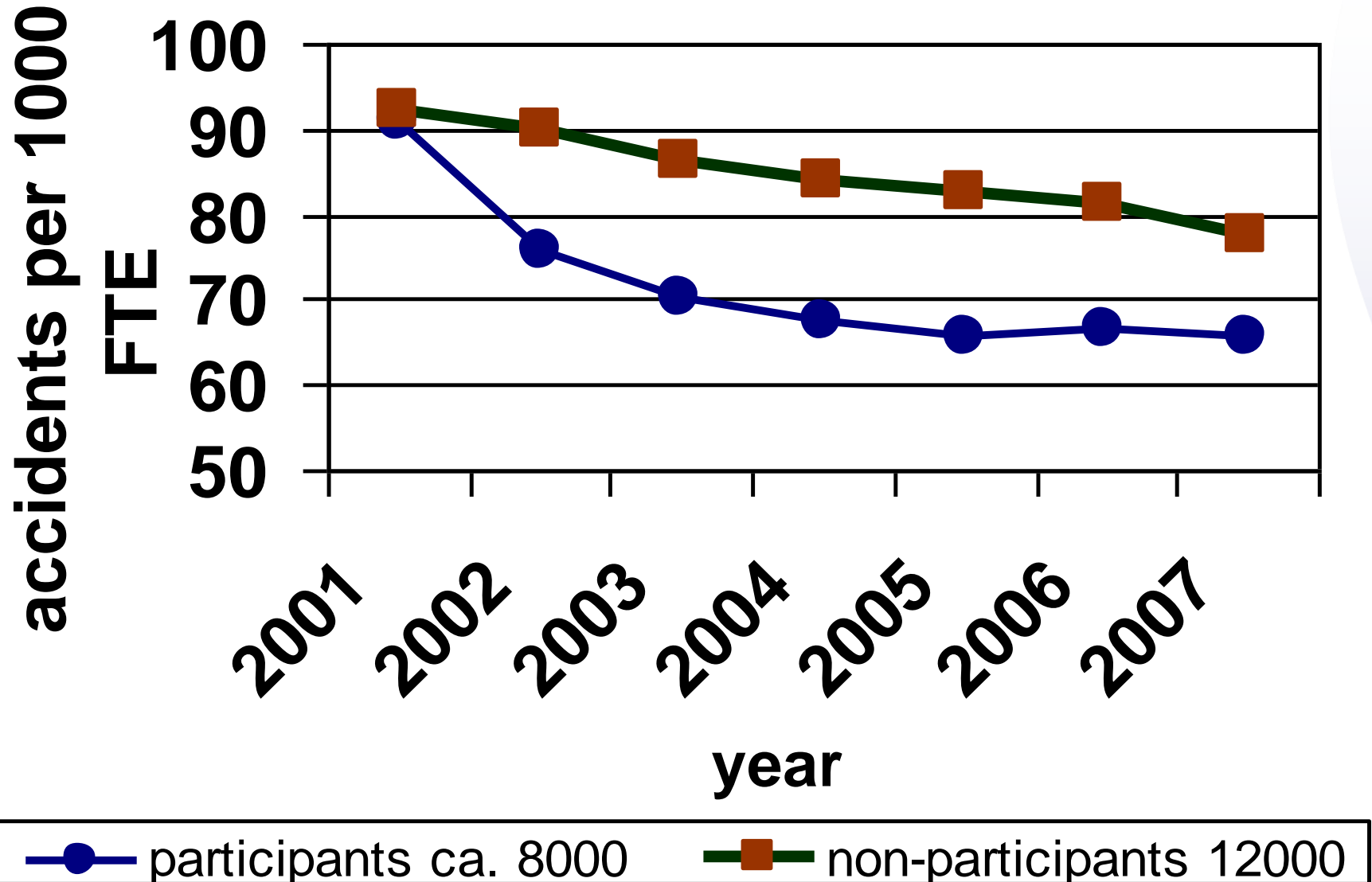


**Decrease in overall
injury rate: 10.2%**

Incentive model in German butchery sector

| Preventive approach | Tangible measures | Bonus Points (can reduce premium by 5%) |
|--------------------------------|---|--|
| Technical measures | Use special safety knives | 8 points |
| Organisational measures | Road safety training for drivers | 8 points |
| Individual measures | Use skin protection agents | 6 points |

Incentive model in German butchery sector



A review of case studies evaluating economic incentives

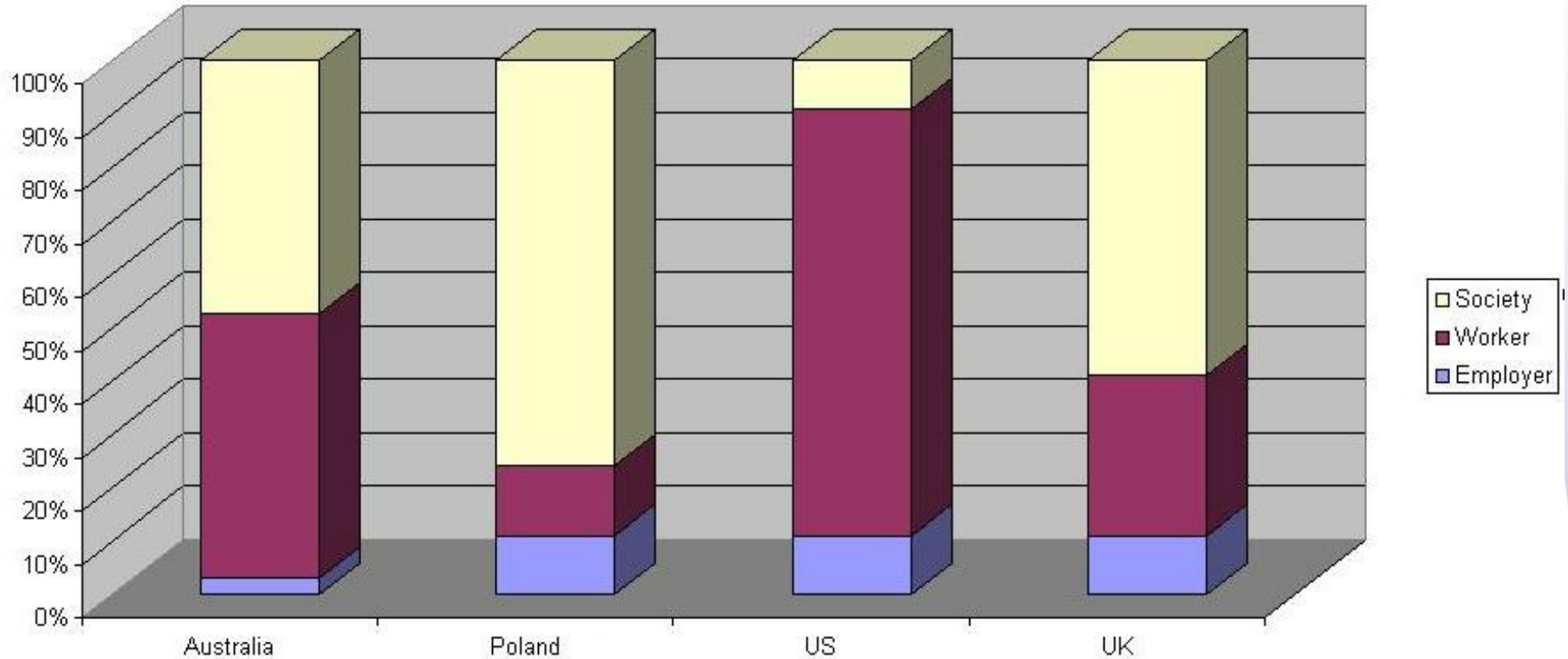
- Butchery sector incentive scheme leads to ca. 1000 accidents less/year
- Costs for incentives € 8.32 Mio Euro (6 years, 2002-2007)
- HSE estimates 6670 € costs for each reportable accident
- **Business case**
 - 6000 accidents X 6.670 € = 40.02 Mio €



4.81 € savings for every 1 € invested

Society perspective: Who pays the cost of an accident?

Distribution of costs in States



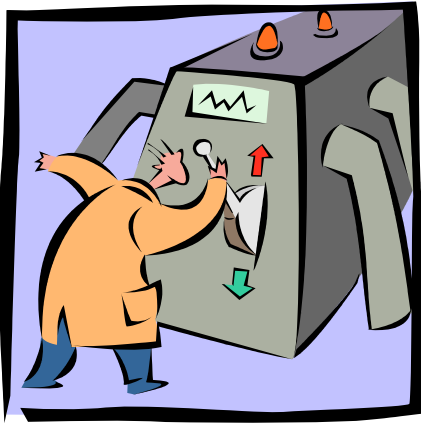
Company perspective: Investment in safer machinery

Machine A

- Good performance
- Fits to legal requirements

But

- Is very loud
- Bad usability
- Cost: 10,000 Euro

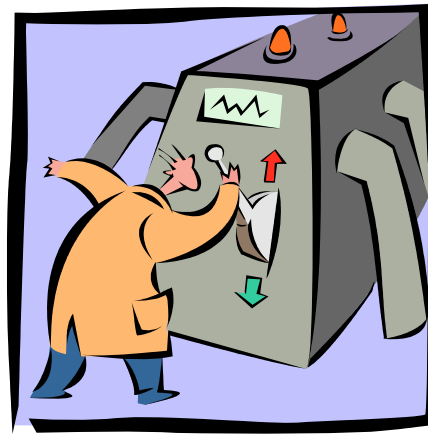


Machine B

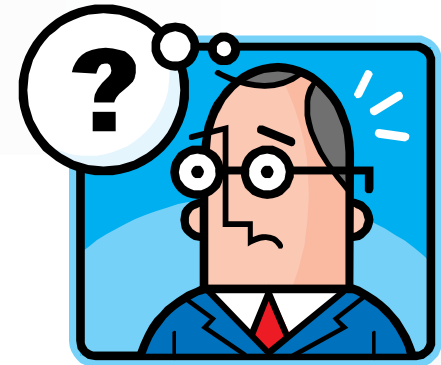
- Good performance
- Fits to legal requirements

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:**
<http://osha.europa.eu/en/topics/economic-incentives>



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!

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