

# Investing in Occupational Safety and Health – ‘how benefits beat the costs’

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## Day 1

Close to 100 people from 24 countries participate in the two days conference on the ‘economics’ of safety and health at work, jointly organised by the NL-Focal Point, EU-OSHA, the Dutch Ministry of Social Affairs and Employment and TNO. They meet in the inspiring and monumental ‘De Bazel’ in Amsterdam, the old headquarters (1926) of the former Dutch Trading Company. It makes an authentic scene: there are paintings of historic harbours in all corners, complemented by dark wooden walls and glass-painted.

The conference kicks off with [a video](#). ‘In difficult economic times companies cut costs. But it’s important to cherish workers, because they are the companies’ asset’, the voice-over says. Evidence is piling up that it does pay off to invest in OSH. So that’s the general topic of this conference: Can the benefits of investing in OSH beat the costs?

After a brief introduction by NL-Focal Point manager Jos de Lange, the conference’s chair and manager of EU-OSHA Brussels office Brenda O’Brien warmly welcomes the audience. ‘Hartelijk welkom in het prachtige Amsterdam’, she says in surprisingly good Dutch, but then switches to English. She explains that the attendees are invited to interact during the conference by means of interactive voting using small voting devices. She starts by asking the public to tell who they are. We learn it consists for a large part of OSH-consultants/experts (36%), policy makers (26%) and researchers (19%). Most of them, 37% work for European or national governments.

At the start of the opening speech a [second short video](#) is shown explaining the focus of this first conference day: The Business Case at company level.

## Communication

‘One of the innovations of this conference is that a number of communications experts participate’, says Andrew Smith, EU-OSHA’s own head of Communication and Promotion, in the first lecture. After all, the message of safety at work needs to be communicated to a range of people outside our usual OSH-domain ‘The European Union is one of the safest places on earth to work. But we sometimes forget to talk to the rest of the world.’

Economics are an integral part of this message, Mr. Smith says. For a long time, it was enough to merely point at the moral and legal factors involved in OSH. After all: 'Everyone has a fundamental right for safe working conditions'. But a financial argument is needed because many see investing in OSH as expensive and limiting. Mr. Smith: 'Actual numbers are missing. The discourse needs to be more nuanced. We need empirical evidence and real life experiences'. He therefore thinks the conference comes at a crucial time. The new European Commission is about to start debating the OSH strategic framework for 2014 - 2020. The topics on the agenda include an improvement in the implementation of safety regulations and in ways to prevent work related diseases, as well as taking into account the aging of the EU workforce. 'The business case of OSH has relevance to all these agenda points', he thinks.

### **Quality research**

The second speaker is dr. Emile Tompa, labour and health economist and senior scientist at the Canadian Institute for Work and Health in Toronto. His research focuses on the economic evaluation of workplace interventions that are directed at improving the health and well being of workers. He wonders whether there is enough scientific evidence that OSH programs actually do pay off economically.

To answer this question, he compared numerous studies in the field of health and safety. He concludes that there is a growing body of literature on the economic effects of OSH. 65 to 80 percent of these studies see positive returns for organisations where OSH measures are implemented. However, Mr. Tompa says, 'more evidence is needed and of a better quality. We have some work to do as academics.'

He also notes that people working in OSH receive little training in economic evaluations of OSH-measures. 'They struggle. They find it difficult to collect and find the right data, and there is a disconnect between health, safety and HR.'

### **2,89 euro**

It's more difficult for a larger company to make investments in OSH visible because the information you need is often scattered over various departments, says Marc De Greef, executive director at the Belgian Prevent Group. He starts his presentation with a simple lesson in mathematics. What is profit, he asks. The answer: revenue minus costs. But how do you calculate revenues and costs? Mr. Dr Greef: 'What we need to find out is how accidents and ill health effect revenues and costs.' He provides the example of the introduction of safety shoes in

a company and its impact on the number of foot accidents. A graph shows that in 2003 the costs were 1200 euro, in 2010 it was only 200 euro. 'Investing in health and safety is the right choice', he says. He shows a table to illustrate this: every euro invested in prevention measures can save a company up to 2,89 Euro.

One of the attendees remarks that the micro level is the most challenging part. After all: most people won't have any accidents at all, and they won't worry until something does go wrong. Thomas Kohstall agrees. He is Deputy Director and head of training department of the Institute for Work and Health (IAG) of the German Social Accident Insurance (DGUV). 'We know a lot about social and macroeconomic benefits of OSH, but there is a lack of information about the micro level.' For his research 337 companies in 90 countries were interviewed. The material was used for statistical data analysis. His conclusion echoes De Greef's lecture: prevention pays off. He calculated that every euro invested in OSH saves 2,20 euro. His conclusion: 'OSH prevention is an investment for companies. Future OSH policies must take this prevention pillar into consideration.'

### **Best practices**

So much for theory: practice is another matter. Two companies therefore share their best practices and show how they implemented prevention and safety improvements in their workplace. The first is John Berghman working for the Dutch company Glasshandling Technic. He invented a repair kit with which growers can easily repair glass damage. 'A greenhouse needs permanent repairing', he says. Because greenhouses are seven meter high repairing is difficult. Traditionally, workers stood on a small beam while repairing and cleaning greenhouses. This is dangerous: People risk falling, they can cut themselves, or experience physical stress. 'Repairing became a kind of circus act', says Mr. Berghman. His solution: the repair shuttle, a small cart that rides on top of the greenhouse. Workers repair from the outside instead of the inside and are safely secured by a belt. This also reduces the risk of crop damage to zero, as the work is done from the outside.

The second practice is presented by Tatjana Ullrich and Hermann Spanier from Spanier and Wiedemann, a scaffolding company from Luxembourg. His division has a staff of 40 employees, daily transporting and erecting over 2800 square meters of scaffolding material. 'All these materials have to be carried by hand', Mrs. Ullrich says. That's both time-intensive and dangerous. Mr. Spanier came with a plan that made unloading safe and fast. Instead of just loading all the materials on a truck, he invented a smart storage system on a lorry. It has multiple usages and can be unloaded with a forklift. Mrs. Ullrich: 'We used to have 10 injuries a

month, now it's 0'. Previous many people were needed to unload a truck. Now that's one person. 'The others are working on scaffolding, which makes more money.'

### **Probability Calculator**

Diederick Stoel, working for the international consulting company ProfitWise, developed the Probability Calculator, which he demonstrates in his talk. This tool enables employers to build business cases that show how investing in the engagement, health and education of their employees can improve business outcomes. Mr. Stoel drew on data from over 5.000 Dutch companies, which TNO provided. He says: 'We found evidence that if you invest in absenteeism, your productivity goes up, and the rest goes up. If you invest in training and development, you'll see results in revenues and profit. What we actually need is raising productivity or quality.' The internet based tool asks the user in which sector he or she works, what his revenues were last year and what the revenues he'll expect the following. The tool calculates how much percentage of the company's revenues are dependent on factors such as engagement, training or absenteeism, and how much the company can earn from investing in these respective topics.

After the presentation of the tool, dr. Tompa provides a short summary of the day and asks the audience some questions. For instance whether we need more tools to support companies in making an OSH business case. 66% thinks we do. Simplicity should be the keyword, someone says. 'If we want to make people to engage with it, we need to make it simple. Today's examples were very practical. Tools are often way too difficult to find and to play with.'

## **Day 2**

The second day has a broader perspective. Today's discussions are all about the national and European level. [A video illustrates](#) the questions we can expect. 'How to deploy positive intensives and who is going to take the lead?' and 'What can we learn from each other?' The voice-over concludes: 'We need all actors to play their part to make sure that we are all healthy employers and employees.'

After a warm welcome by chair Brenda O'Brien, the second day of the conference is opened by Esther de Kleuver, director for health and safety at work of the Dutch Ministry of Social Affairs and Employment. 'We see more and more evidence that benefits can beat the costs', she reflects on yesterday's discussions. A recent study from The Netherlands indicated that a decrease of one percentage in sick leave can save up to 2,6 billion Euro on a yearly base. Her message to companies: 'Be a good employer. This will make you attractive and more profitable. Companies should motivate each other to work on this.' To illustrate this she gives an example of a hospital from The Netherlands that strived to tackle work stress by focussing on positive psychology.

Questions were raised whether their approach was too soft. On the contrary: the hospital witnessed a sharp decrease in sickness and absence, and an increase in patient satisfaction. 'We might see a trend emerging that investing in OSH is inherently good. It is now important to communicate the message that investing in OSH will make companies better and more profitable.'

### **Bonus card**

Dr. Dietmar Elsler, project manager at EU-OSHA in Bilbao, talks about economic incentives that can influence company behaviour. Dr. Elsler sees two ways of approaching the problem that companies do not promote OSH. The traditional approach is governmental regulation. This is necessary and can still be improved, Dr. Elsler thinks, because it only guarantees a minimum level of safety. Moreover, there are nowadays no longer enough inspectors. The method of informing by providing examples and good practices also has its downsides, as this often comes down to 'preaching to the converted'.

Dr. Elsler therefore suggests working with loyalty and reward programs. He waves a bonus card from his local coffee shop. 'If I buy ten cups of coffee, I get one for free. This is a way to change people's behaviour.' He collected various examples from European companies for an EU-OSHA study, and learned about the German butchery sector, where specific safety measures (e.g. special safety knives, introduction of skin protection) are rewarded by reductions on insurance costs. 'This is very attractive for small enterprises.'

But what happens if companies still don't invest in OSH: who bears the highest share of the costs if something goes wrong? Xabier Irastorza is working at the Prevention and Research Unit of EU-OSHA. He gives some numbers on the current situation. In 2007, 2.3 million people died all over Europe as a result of a work related injury or illness, in 2007 there were 5.580 fatal incidents at work and 23 million people who had health problems caused or made worse by work. This also has an economic impact: 4 percentage of the world's annual GDP is lost as a consequence of occupational diseases and accidents. 'The underestimation of small scale incidents and long-latency disease is a serious issue', he says. The costs vary from lost productivity, or costs on health care or quality of life losses (e.g. psychological pain and suffering), administration costs (e.g. the payment of social security) and insurance costs. Irastorza: 'It is important to convey the message: who bears the costs. The aim of this study is to provide policy makers with relevant information on the economic impact of poor or non-OSH at the macro level.'

## **Incentives for companies**

The next two speakers provide examples of incentives on national or sector level. Henning Krüger talks about comprehensive incentive systems in the German food and HORECA sector. There, companies can get a bonus when they implement sufficient safety measures. They complete a questionnaire and gather points. They are asked questions like 'do you have an audited OSH management system?' or 'do you give training in traffic safety?'. Companies that collected 80% of the points get a reward of at least 100 euro.

The Italian National Institute for Insurance against Accidents at Work (INAIL) also uses financial incentives to stimulate companies to implement safety measures, says Angelica Schneider Graziosi who works for the institute. INAIL has three types of financial incentives that promote OSH. For instance measures that are already implemented (such as the development of best practices or the automation of manual handling) can result in an insurance reduction of up to thirty percent. In addition, INAIL has a budget of 307 million euro of subsidies available for new safety interventions. These include grants for agricultural companies in need of new tractors with rollover protection, or construction companies that want to renew obsolete machinery.

## **Workshops**

In four groups all of the participants attend one of the four workshops. Dr. Emile Tompa and Karen Oude Engel (TNO) used their workshop to discuss the topic of financial and non-financial motivations for OSH. They deduced three important triggers. First, having a clear vision and promoting it. Being competitive is also an important trigger. Dr. Tompa adds: 'This is critical in open markets if you want to attract skilled workers and have a work culture and mindset'. Specific health problems, such as aging, but also the empowerment and engagement of workers, were seen as the third most important trigger.

The second workshop discussed the macro level, and the question how to easily measure the impact of interventions in terms of costs and benefits? The difficulty: policymakers want to have one number, a percentage of the GDP that illustrates the cost of unsafe working conditions. Experts, on the other hand, say that's difficult to find. The conclusion of this workshop was to just start somewhere, says TNO's Marjolein de Weerd. 'Just collect all the data. If countries don't have it, we should just take what there is and adjust it to make one number. We need some assumptions, but we should not worry too much about that.'

Central to the third workshop was the question how different stakeholders can be involved in order to create and promote economic incentives. Potential stakeholders were first identified. Traditional ones came up, such as unions and employer organisations. But also untraditional stakeholders were mentioned, for instance banks, pension providers, teachers,

governments and recruiting companies. It was stressed that employers and employees are the key stakeholders. Instruments that are available are internal awards, trainings, and the goal to make health and safety an integral part of the key performance indicators.

The fourth workshop was provided by Peter Rimmer and Andrew Smith, and focussed on the communication of the business case. 'You can't talk to everyone all the time about OSH. Messages should be relevant, clear, simple and of interest', Mr. Rimmer says. To illustrate this, he shows a video made by the Brazilian mining company Vale, in which people tell about loved ones that died in accidents at work. Rimmer concludes: 'OSH is about much more than just about saving money; it's about people. Let's not forget emotion while we talk about costs and benefits.'

Esther de Kleuver from the Dutch Ministry of Social Affairs and Employment has the honour to close the conference. She once again underlines that 'it is from the utmost importance that the benefits of OSH are visible. If companies don't see that there is something in it for them, they are less likely to invest'.

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Click [here](#) for a complete overview of the conference proceedings