

# The Economics of Health, Safety and Wellbeing

## **BAREFOOT ECONOMICS**

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### **A tool to assess the economic value of developing an healthy work environment**

#### *Approach*

Against a traditional approach whereby improving health and safety at the workplace was seen as an additional cost, often an impediment to the economic development of the enterprise, an innovative “high road” approach is progressively emerging whereby workers’ health, safety and well-being become integral parts of the economic sustainability and organisational development of enterprises. By directly linking health and safety issues with managerial and developmental issues, a growing number of successful enterprises show that it is possible to start immediate, self-sustained action at the workplace combining workers wellbeing and enterprise competitiveness in a win-win package.

In order to initiate and pursue this type of action, enterprise need reliable assessment-tools as to the economic value of such an action. However, while sophisticated evaluation instruments exist for larger enterprises, there is no corresponding instrument relevant to the needs of small enterprises. It is therefore difficult for such enterprises to use improvements in workplace safety and health as a means toward greater economic viability, or to evaluate the consequences of OSH interventions taken for their own sake.

#### *Target*

The objective of *Barefoot Economics* is to provide a practical evaluation tool to entrepreneurs and all those actively involved in decision making within enterprises, to meet this challenge by creating healthier and more productive workplaces. The instrument will be sophisticated in design but extremely “user friendly” in its presentation and implementation so that employers in small enterprises and workers representatives with no formal training should be able to use it.

## ***Conceptual framework***

***Barefoot Economics*** will be based on the following key- concepts and features:

*People-centred.* Workers are increasingly recognised as the crucial asset for the success of any business. Their well-being is essential to the development of the "new" flexible, quality-oriented, knowledge-based, healthy enterprise.

*Preventive.* Prevention is much more cost effective and successful than waiting until a significant problem has developed to take action. An healthy work organisation and environment are pre-conditions to the development of a productive workplace.

*Results-oriented.* The tool will highlight how the success can only be measured by the results in the workplace. Taking action to promote change in the workplace should be the natural follow-up to the economic assessment proposed. The tool will also show how strategic and immediate objectives are compatible.

*Adaptable.* Situations are complex. Solutions are multiple. One approach to any problem does not work in all environments and cultures. Several approaches and options will be presented and discussed so that users can develop programmes and action that meet their unique needs.

*Self- sustainable.* Programmes and action that are developed to meet the needs of the employer and the workers, show positive results, can be modified to meet changing circumstances and are cost-effective will be highlighted. Combining economic and social issues in a positive-sum game results in the new approach being quickly adopted for its own merits.

***Focus on:***

### **S Development**

While showing the importance of cost factors, the tool will also emphasise the importance of developmental factors.

*Cost factors* will include direct and indirect costs such as those deriving from:

absenteeism  
turnover  
accidents  
illness  
disability  
death  
related new recruitment and training  
management and administrative additional workload  
disruption in production, etc.

*Developmental factors*, including

continuous improvement  
problem-solving capacity  
increased functionality  
higher performance  
increased production  
increased product-quality  
better timing in production  
higher productivity, etc.

## **S Intangible factors**

In addition to tangible factors, intangible factors will be given special attention., including:

company image  
motivation and commitment  
loyalty to the enterprise  
creativity  
working climate  
openness to innovation  
knowledge-building  
continuous learning, etc

## **S New hazards**

Together with traditional hazards, new hazards will be also considered., including:

stress  
violence  
drug and alcohol  
AIDS/HIV  
the risks of precarious jobs  
those linked to the virtual workplace, etc

## ***Product***

The final product will consist of no more than 40 pages, including annexes. The tool will be in an open format so that additional materials can be inserted as required such as updated material, local examples and working tools. *Barefoot Economics* will be available initially in print. To further enhance access, it will subsequently be available electronically to accommodate distance learning.

## **Action**

The production of **Barefoot Economics** is a joint effort between the Finnish Ministry of Social Affairs and Health and ILO-SafeWork. It will be developed according to the following schedule:

◦ *November 2000*

A preliminary meeting in Tampere to discuss the methodology and define the detail of the collaboration.

◦ *January - February 2001*

Preparation of a preliminary draft of **Barefoot Economics** by a full-time economist at the Finnish Ministry of Social Affairs and Health.

◦ *March - April 2001*

A group of international experts to comment on the draft product and make suggestions for improvement. An improved draft of the product is finalised.

◦ *May 2001*

A coordination meeting takes place with the participation of the international experts to assess and comment on the improved draft

◦ *June - July 2001*

The product is tested in the field

◦ *August- September 2001*

The product is finalised

◦ *October-December 2001*

Preparation of a technical collaboration project based on the **Barefoot Economics** and submission to donors.