

INAIL Seminar on «The costs of non-safety»

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**Socio-economic costs of work-related
injuries and illnesses:
Building synergies between
Occupational Safety and Health
and Productivity**

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Work may have positive and negative effects on the health and quality of life of workers. Occupational accidents and diseases cause immeasurable human suffering to victims and their families, impact negatively on enterprises' efficiency and productivity, and entail major economic losses for societies as a whole. The incidence of workplace accidents and diseases also has a significant impact on the sustainability of social security systems as the cost for disability benefits or pensions paid by health and employee injury insurance schemes is ultimately borne by society as a whole.

According to the ILO estimates, every year over 2.3 million women and men die from a work related injury or disease. Over 350,000 of these deaths are due to fatal injuries and almost 2 million deaths are due to diseases. In addition, over 313 million workers are involved in non-fatal occupational accidents causing serious injuries and absences from work and there are estimated to be each year 160 million cases of non-fatal work-related diseases.

The devastating effects on workers and their families cannot be fully calculated; however, by far the most salient cost to workers is the loss of quality of life, and even premature death. Pain and suffering are readily acknowledged incalculable costs, but the mental health of a worker can also be seriously affected after an accident. The loss of confidence that a worker may sustain can permanently affect his or her ability to work efficiently. Depression after an accident is common, especially where there are lasting health effects. In some

cases, Post Traumatic Stress Disorder (the term for a severe and on-going emotional reaction to trauma) can be suffered by an injured worker and co-workers who witnessed an accident. Workers suffering long-term disability may also lose important skills and may have difficulty remaining in the work for which they have been trained. A large number of unemployed workers have an impairment of working capacity that is not serious enough to make them eligible for disability pension or to compensation, but which nevertheless seriously compromises their re-employability.

The total costs of an occupational accident or disease are often underestimated because certain costs are external to the enterprise and because some internal costs may be difficult to quantify or recognize; such as, compensated time, lost production, reduced work capacity and lower workforce participation. It has been estimated that the indirect costs of occupational accidents or diseases can be four to ten times greater than the direct costs. The ILO estimates that lost working time, workers' compensation, interruption of production, and medical expenses costs four per cent of the global GDP (roughly 2.8 trillion US dollars). Consequently the human and financial cost of this daily adversity is vast and puts in evidence the economic burden of poor OSH practices.

With a global focus on the need for productive employment, it is necessary to examine the contribution that good working conditions and a healthy and safe workforce have on productivity. Enterprises often address OSH issues in order to meet statutory requirements and fulfil their social responsibility towards their workers, but there is a growing body of data that shows that they also benefit economically from the investments on preventive measures. Just as occupational accidents and diseases are clearly bad for productivity, the opposite is also true: providing safe and healthy working conditions actually makes enterprises more productive. This productivity is in part due to the improvement in equipment and more efficient processes but is also due to the implementation of management systems that involve the active participation of workers. Good safety and health is good business.

The traditional belief, that improving workplace health and safety is an additional cost to an enterprise, is gradually being replaced with understanding that workers' health, safety and well-being are integral parts of the economic sustainability and organizational development of an enterprise. A growing number of successful enterprises have demonstrated that it is possible to combine workers' well-being and enterprises' profitability in a balanced way by linking health and safety with managerial and developmental issues through OSH management systems. In many countries, enterprises have started to pay more attention to prevention, realizing that investing in OSH brings economic and social benefits contributing to efficiency, productivity and competitiveness. For small-scale enterprises, even small and simple investments may have major payoffs. It seems

that work organization and ergonomics may be among the most visible and profitable interventions, as evidenced from by ILO work in this area.

At national level, there is a clear link between the competitiveness of a national economy and its level of OSH investment. Investing in workers' health and safety is an important factor for future sustainability as it increases the competitiveness of a country. While the overall costs of occupational accidents and diseases are often much greater than immediately perceived, conversely, investing in occupational safety and health (OSH) reduces both direct and indirect costs, in particular decreasing insurance cost while also improving performance and productivity. Lower social security and health care costs mean lower taxes, better economic performance and enhanced social benefits. OSH must therefore be maintained as a key element of development and given high priority internationally and at national and enterprise levels. According to a study from the International Social Security Association on the return on investment in prevention, for every Euro invested annually per employee, an enterprise can expect a potential economic return of 2.20 Euros. OSH is vital in this context, not only because it helps to reduce the toll of accidents and diseases that account for a large percentage of national ill health, especially in developing countries, but also because it significantly contributes to better prosperity and growth.

The socioeconomic development and the share of wealth of a country determine the value given to the quality of life and well-being of working people. Although the right to a safe and healthy work has been acknowledged as a fundamental right of workers, the economic perspective of occupational safety and health (OSH) is not immediately obvious. The ILO aims at increasing awareness of the dimensions and consequences of work-related accidents and diseases, placing the health and safety of workers high in international agendas, and supporting action at all levels. However, in the end, OSH goals should be pursued for their intrinsic health benefits. Beyond the economic aspects, we have a moral obligation: the human costs of work related injury and disease should not be tolerated and there is no economic scale that can morally balance that cost.