

## Safety Delivers Return on Investment

*Survey shows 61 percent of executives say \$3 or more saved for each \$1 invested in workplace safety!*

Ninety-five percent of business executives report that workplace safety has a positive impact on a company's financial performance, according to the findings of The Executive Survey of Workplace Safety by the Liberty Mutual Group, the nation's leading provider of workers compensation insurance. Of these executives, 61 percent believe their companies receive a return on investment of \$3 or more for each \$1 they invest in improving workplace safety.

The survey also reveals executives realize the benefits of workplace safety go beyond the company's bottom-line, with 70 percent reporting that protecting employees is a leading benefit of workplace safety.

The survey also helps shed light on the impact two types of costs associated with workplace accidents are having on U.S. businesses: *Direct costs*, or payments to injured employees and their medical care providers, and *Indirect costs*, such as lost productivity, overtime costs, etc. Ninety-three percent of executives surveyed see a relationship between these costs, with 40 percent of them reporting \$1 of direct cost generates between \$3 and \$5 of indirect costs.

The survey findings reveal that business executives may be focusing attention on certain causes of workplace accidents at the expense of others, and may need to realign their workplace safety priorities.

For example, executives report "Repetitive Motion" is the most important cause of workplace accidents and that they will focus workplace safety resources on this accident cause. However, five other accident causes each produced greater direct costs for companies in 1998, according to the Liberty Mutual Workplace Safety Index. The Index reported that workplace injuries caused by "Repetitive Motion" produced \$2.3 billion in direct costs for employers in 1998, about a quarter of the \$9.8 billion of the leading accident cause - "Overexertion."

Executives may place less priority on accident causes that have greater potential financial impact. For example, survey participants report "Falls on the Same Level" as the 7th most important cause of workplace accidents. However, the Workplace Safety Index ranked this category as the 2nd most important accident cause.

Survey results are based on interviews with 200 executives responsible for workers compensation and other commercial insurances at 125 mid-size firms (100 to 999 employees) and 75 large companies (over 1,000 employees) representing a range of geographic locations and industries.



## Employer Perception Vs Reality

A gap may exist between business executives' perception of the leading causes of workplace accidents and an actual ranking of these accident causes based on their direct cost to companies.

	REALITY		PERCEPTIONS
	The ten leading causes of workplace accidents ranked by their direct costs	Est. national workers comp. direct cost:	Accident causes ranked by executive concern
1	Overexertion - injuries from lifting, lowering, pushing or pulling.	\$9.8 billion	Repetitive Motion
2	Falls Same Level	\$4.4 billion	Overexertion - injuries from lifting, lowering, pushing or pulling.
3	Bodily Reaction - injuries resulting from bending, standing, reaching but not including slipping and tripping without falling.	\$3.6 billion	Highway Accidents
4	Falls to Lower Level	\$3.6 billion	Bodily Reaction - injuries resulting from bending, standing, reaching but not including slipping and tripping without falling.
5	Struck by Object	\$3.4 billion	Falls to Lower Level
6	Repetitive Motion	\$2.3 billion	Becoming caught in or compressed by equipment
7	Highway Accident	\$2.1 billion	Falls Same Level
8	Being struck against an object	\$1.9 billion	Struck by Object
9	Becoming caught in or compressed by equipment	\$1.6 billion	Contact with temperature extremes
10	Contact with temperature extremes	\$.3 billion	Being struck against an object



## Benefits of Workplace Safety

95% of respondents believe workplace safety has a positive impact on a company's financial performance.

24% report a substantial positive impact.

86% of respondents feel workplace safety provides a return on investment.

61% feel that \$3 or more is saved for each \$1 invested.

13% report \$10 is returned for each \$1 invested.

93% report a close relationship between the direct and indirect costs associated with a workplace accident.

40% feel that between \$3 and \$5 dollars of indirect costs exist for each \$1 of direct costs.

The median response was that \$3 of indirect costs exist for each \$1 of direct costs.

82% of respondents feel their company currently places a priority on workplace safety.

70% of respondents report that protecting employees is a leading benefit of workplace safety.

49% report that protecting employees from the human and financial costs is the top benefit.



## Elements of Effective Workplace Safety Programs

25% of respondents report that employee training is the most important element of an effective workplace safety program.

22% believe that management commitment is the most important element.

16% believe internal communication is the most important element.

98% feel that direct employee participation is necessary for effective workplace safety.  
69% believe it's critical.

Respondents report that benchmarking a company's workplace safety performance is an important tool for improving workplace safety performance over time.

71% indicate that they compare their company's workplace safety performance to other companies.

