



'The Holy Grail of great workplaces is 'How do I get employees to go the extra mile?'... Staff will not be engaged if they feel unsafe.'



The Department of Labour is committed to supporting industry to improve workplace health and safety.

A recent study highlights a number of potential benefits from linking health and safety to productivity:

- fewer injuries mean that more people keep working
- designing safety into business is a source of increased innovation, improved quality and improved efficiencies
- safe workplaces enhance corporate reputations and improve staff recruitment and retention
- fewer injuries help reduce ACC levies

Healthy and safe workplaces are fundamental to achieving productive work and high quality working lives. Internationally and in New Zealand, company directors are starting to think of health and safety as an essential ingredient to achieving world class performance, rather than a narrow issue about legal compliance. Looking to the future, New Zealand businesses can better understand the links between health and safety initiatives and productivity by improving performance measurement.

Businesses that understand the direct and indirect costs of health and safety initiatives, better understand the full cost burden of illness and injury within their firms. They are also better able to measure the value of health and safety prevention strategies and the effect on their firm's productivity.



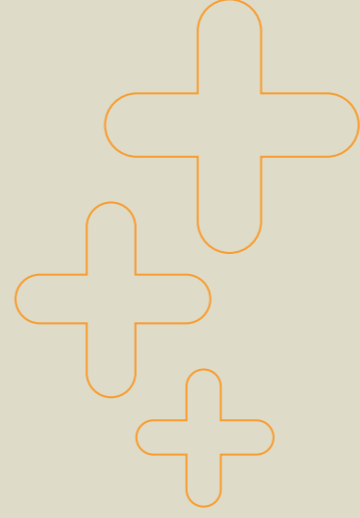
# HOW HEALTH AND SAFETY MAKES GOOD BUSINESS SENSE

A Summary of Research Findings

Department of Labour  
TE TARI MAHI



HEALTHY PEOPLE IN SAFE AND PRODUCTIVE WORKPLACES



newzealand.govt.nz

FOR FURTHER INFORMATION DOWNLOAD AND READ A FULL COPY OF THE DEPARTMENT OF LABOUR'S RESEARCH SUMMARY REPORT HOW HEALTH AND SAFETY MAKES GOOD BUSINESS SENSE BY VISITING [WWW.DOL.GOVT.NZ](http://WWW.DOL.GOVT.NZ)

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## INGREDIENTS FOR SUCCESS

Health, safety and productivity require a team approach. Workplace performance is impacted by the way employers and staff share positive values, attitudes and behaviours.

To improve productivity significantly through health and safety programmes, businesses should:

- take a whole-of-business approach to health and safety, including employee attitudes and workplace culture
- combine formal business targets with indicators on the welfare and development of staff
- use a wide range of health and safety improvement programmes, rather than narrow prevention measures
- include technical incident innovations and organisational improvements as part of their health and safety programme
- measure, design and evaluate initiatives to demonstrate a return on investment

**'Health and safety needs to be 'on everyone's agenda' (i.e. leadership, managers, and staff). Health and safety should be a standard component of every decision; a standard agenda item; and on the agenda of every project.'**

## INDICATORS FOR HEALTH, SAFETY AND PRODUCTIVITY

Effective indicators are vital to clearly establish the link between business profits and a company's investment in workplace safety and health.

Businesses can determine whether or not there have been economic benefits following a health and safety intervention by gathering data on the direct and indirect costs from a range of sources:

- Employee Data: this includes the number of employees, their working time and wages, overtime, training, and production costs
  - Workplace Data: this includes supervisory costs, recruitment, insurance, and other general overheads, maintenance, waste, and energy use
  - Intervention Data: this relates to the costs associated with the intervention, for example consultants' fees, disruptions and errors
- It is important that health and safety performance indicators are a mix of outcome indicators and positive performance indicators (PPIs).
- Outcome indicators show if an organisation is achieving targets, while PPIs measure the actions taken to achieve targets. Examples of PPIs include the number of safety audits conducted, the percentage of employees with health and safety training, and safety culture survey results.

**'The organisational objective relating to health and safety is so narrow (i.e. about lowering lost time injury frequency rate) and compliance focused. The message has to be a meaningful, big picture one, focused on the value of health and safety to the organisation.'**



**'It is rare to find an organisation with high levels of health and safety and low productivity. But [you] can [find] it the other way.'**

## POOR HEALTH AND SAFETY LEADS TO POOR PRODUCTIVITY

Examples of poor workplace health and safety practices that lead to poor productivity include:

- unhealthy physical and/or mental stress
- too few breaks
- badly designed or outdated equipment
- poor lighting or ventilation
- uncomfortable seating
- poor supervision
- poor job design
- lack of worker participation

## HEALTH AND SAFETY IS PART OF THE WAY PRODUCTIVE BUSINESSES RUN

Businesses that already acknowledge the links between safe and healthy workplaces and productivity enjoy a number of common success factors:

- a high quality working environment
- good levels of co-operation between management and employees
- a work organisation that gives employees challenges, responsibilities and job autonomy
- the development of new working methods and equipment to improve working postures, decreasing the strain of physical work
- allowing creative solutions for specific safety and health problems
- a thorough analysis of the different production costs that can be directly or indirectly related to health and safety hazards (costs of incidents, loss of productivity and quality)

**'There is a definite link between productivity and safety. They are both equally the result of good management and good leadership. Safety is not a trade-off for productivity. The two go hand in hand.'**

1. "Understanding the link between workplace health and safety and firm performance and productivity" by Massey University's Centre for SME Research, 2006

2. All quotes are from industry leaders involved in the Dept. of Labour commissioned research "Workplace Culture and Health and Safety and Productivity: Key Informant Interviews" by Dr Hillary Bennett and Dr Philip Voss, July 2007.