

Safety Incentive Programs

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- OSHA's position on safety incentive systems
- The recordkeeping rule's impact on incentives
- Safety incentive concepts
- Behavioral economics
- Share some safety incentive ideas

2010 speech from Dr. Michaels

- When incentives are based on injury and illness numbers, they often have the effect of discouraging workers from reporting injury or illness
- Disapprove of programs using parties and prizes for not reporting injuries, or bonuses for managers that drive down injury rates, or that discipline worker for reporting an injury
- Support programs that reward workers for demonstrating safe work practices, reporting hazards or close calls, participating in safety training, or serving on a safety and health committee

2012 Memo Rich Fairfax to OSHA Field Staff

- If employees do not feel free to report injuries or illnesses, the employer's entire workforce is put at risk. Employers do not learn of and correct dangerous conditions that have resulted in injuries, and injured employees may not receive proper medical attention, or workers compensation to which they are entitled.
- Ensuring that employees can report injuries or illnesses without fear of retaliation is crucial to protecting worker safety and health.
- Lays out various programs that may be violations of 11(C) of the OSH Act

2014 VPP Memo From Dr. Michaels

- Incentive programs reviewed at VPP sites
- Incentives based on injury or illness numbers may need revision to maintain VPP status

1904.35 – Employee Involvement

- Employees and their representatives must be involved in the recordkeeping system in several ways.
 - You must inform each employee of how he or she is to report a work-related injury or illness to you.
 - You must provide employees with the information described in paragraph (b)(1)(iii) of this section.
 - You must provide access to your injury and illness records as described in paragraph (b)(2) of this section.

1904.35 – Employee Involvement

- paragraph (b)
- You must establish a **reasonable** procedure for employees to report work-related injuries and illnesses promptly and accurately. **A procedure is not reasonable if it would deter or discourage a reasonable employee from accurately reporting a workplace injury or illness;**
- You must inform each employee of your procedure for reporting work-related injuries and illnesses;

1904.35 – Employee Involvement

- paragraph (b)
- Inform each employee that:
 - (A) Employees have the right to report work-related injuries and illnesses
 - (B) Employers are prohibited from discharging or in any manner discriminating against employees for reporting work-related injuries or illnesses
- You must not discharge or in any manner discriminate against any employee for reporting a work-related injury or illness.

What is “Unreasonable”

- Reporting systems that have so many steps it is difficult for the worker to report
- Discipline for late reporting when the injury or illness involved gradually worsening signs and symptoms
- Retaliation (termination, reduction in pay, reassignment to a less desirable position, other adverse action)

What is “Unreasonable”

- Denying a bonus to a group of employees because one employee reported an injury or illness
- Unequally or selectively enforced disciplinary systems
- Punitive drug testing policies

What's OSHA's Next Step?

Incentive Theory

- Whereas safety compliance concerns adherence to explicitly stated safety rules and regulations, **safety participation** reflects safety-related organizational citizenship behaviors (e.g., going above and beyond to proactively promote safety within the workplace).

Barbaranelli, Petitta and Brobst, 2015

The Role of Incentives



Incentive variables

- Who are we going to incent?
- What activity are we going to incent?
- What reward(s) will we use?

Workers	Stop work when they see unsafe conditions	Gift cards
Supervisors	Pre-job JHA review and toolbox talk	Bonus
Supervisors	Take leadership training	Promotion preference
Project planners and estimators	Complete engineering plans with safety measures built in	Drawing for vacation trip

Leading Indicators Defined

- **Leading indicators** are pre-incident measurements, as opposed to **lagging indicators**, which are measurements collected after an incident occurs.
- For example, an injury resulting from a fall from a ladder is a lagging indicator because the injury has already happened, but a ladder inspection that notes the ladder quality, position, and use and prevents a fall is a leading indicator.

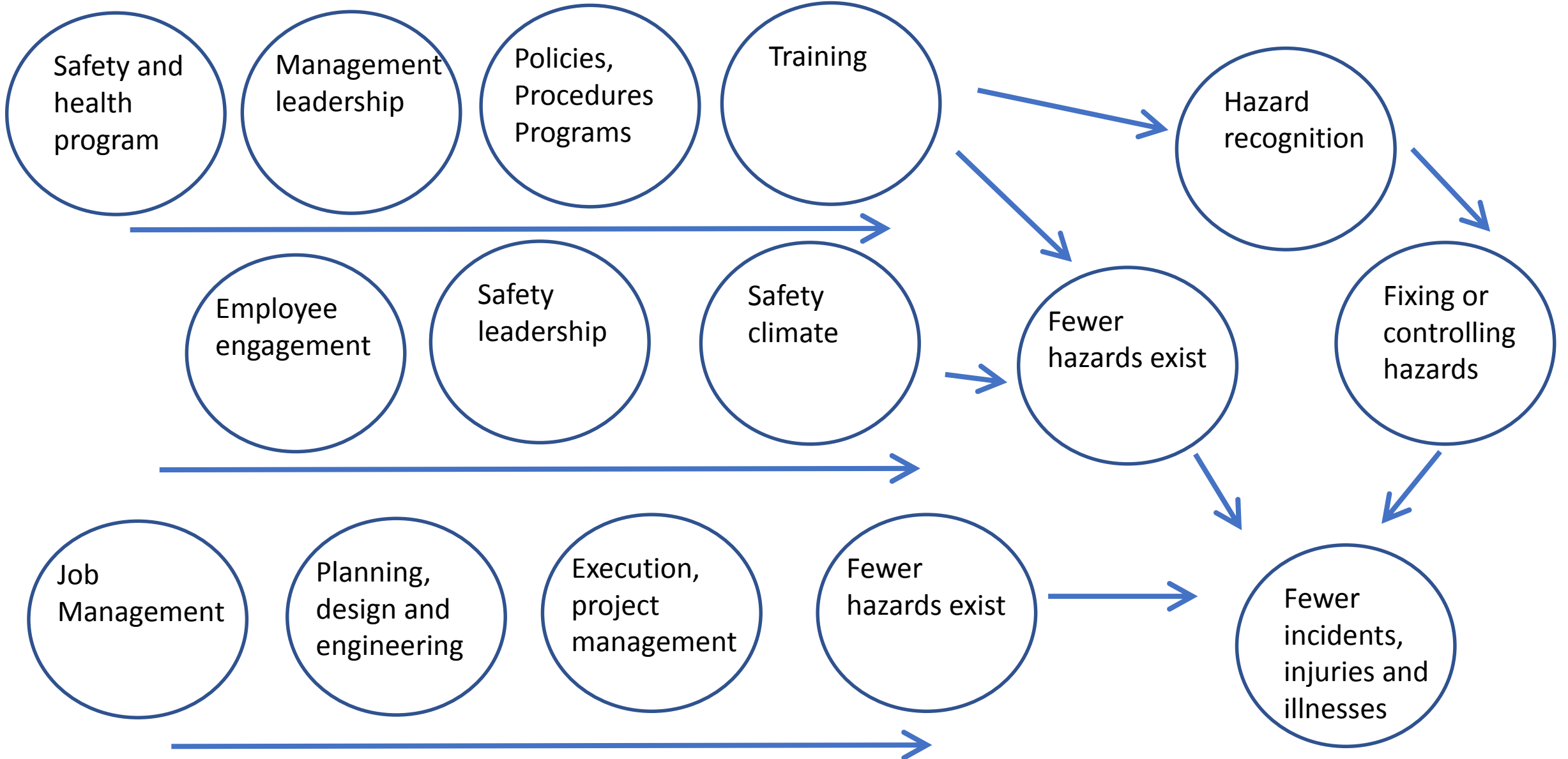
Leading Indicators

- Employee turnover rate
- Number of third-party certifications achieved
- Percentage of employee training completed vs. expected
- Frequency of completed inspections vs. scheduled inspections
- Number of new or enhanced safety controls implemented
- Results of observations and accident investigation results
- Risk or hazard assessments and job hazard analysis
- Employee perception surveys

Leading Indicator Qualities

- Actionable
- Achievable
- Meaningful
- Transparent
- Easy to communicate
- Valid
- Useful
- Timely

Source: Campbell Institute



Unintended Consequences

- If you measure people using a few simple metrics you will be surprised at the methods people use to reach them
- Its not just what you accomplish, but how you do it

Behavioral Economics

- A method of economic analysis that applies psychological insights into human behavior to explain economic decision-making
- Often uses psychological experiments to draw conclusions about how people will behave in specific situations and when faced with specific decisions

Behavioral Economics Uses

- Economic and behavior study
- Advertising
- Public policy design

Incentives can Backfire

- Paying for honorable behavior
- Allowing people to pay for undesired behavior
- Providing too many options
- Making prize so high that people choke

Behavioral Economics

- Transparency strategies
- Opt in, opt out strategies
- Loss aversion
 - Losing something has twice the psychologic power than gaining the same thing

- Prospect theory, framing
 - The risk of losing 10 out of 100 lives vs the opportunity to save 90 out of 100 lives
 - You have a point system starting at zero with consequences beginning at 10. What if you started with 10 and took points away?
- Self-prophecy effect
 - If you ask somebody whether they will perform a socially desirable action, and they agree, they are more likely to do so
 - If you ask them when, and ask them to put it on their calendar, even more likely

- Priming, using words or imagery that encourage thought patterns
 - Spiritual terms – pro-social behavior
 - Money images – anti-social behavior
- Social norms
 - Take care of your family
 - Appreciation notes to home address

Ideas

- Study showing a correlation between rework and incident rates.
- Rework means something didn't go right the first time. Why do we assume safety went right?
- Rework means more hours, possible demolition, potential for attitude issues.
- What if an incentive rewarded an entire crew for reviewing and revising the JHA and job procedures before beginning rework?

Ideas

- There are a number of studies showing correlations between various business metrics and safety. Quality, production, employee job satisfaction, turnover, stock price.
- The cause is probably quality of management and leadership. Better management/leadership creates better safety. Poorly managed companies/divisions/crews probably don't manage safety well either.
- What if the incentives weren't for safety training, but for management and leadership training? Collaboration with production managers?

Ideas

- The greatest danger today is not from ignorance or inattention to risks—but from silence. The next leap forward in workplace safety will come not just from additional changes to processes, technology, or policies, but from changes to behavior. Unless and until the code of silence is broken, we'll continue to suffer completely avoidable losses in both health and performance. 93 percent of employees say their workgroup is currently at risk from one or more of five undiscussables or “accidents waiting to happen.” And nearly half are aware of an injury or death caused by these workplace dangers.
- (Vital Smarts)

Ideas

1. Get It Done. Unsafe practices that are justified by tight deadlines.
2. Undiscussable Incompetence. Unsafe practices that stem from skill deficits that can't be discussed.
3. Just this Once. Unsafe practices that are justified as exceptions to the rule.
4. This Is Overboard. Unsafe practices that bypass precautions considered excessive.
5. Are You a Team Player? Unsafe practices that are justified for the good of the team, company, or customer.

Ideas

- The astonishing and troubling finding is that when employees see one of these five threats, only one in four speak up.
- What if the incentives were for completing communication training?
- Or just for speaking up?

Your Ideas??

Thanks

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