Risk Insights

Provided by Gallagher Risk Management - Tulsa

Is Your Safety Incentive Program Effective?

It was just a decade ago that workplace safety incentive programs were new on the scene. Today, they are a commonplace approach used by small and large companies to improve safety and reduce workers' compensation claims and other worker injury-related costs. Since their adoption, believers of safety incentive programs have come to find that they are an important element in any health and safety program, but skeptics point to a variety of pitfalls that may actually decrease job safety.

The problem arises when companies take a cookie-cutter approach and implement a simplistic program in which tangible awards are provided based solely on employees achieving a specified number of accident-free days—free from injuries that result in lost time or other significant cases. This kind of approach is widely believed to lead to under-reporting injuries, which can cause your organization to be unaware of—and consequently unable to fix—potentially dangerous situations in the workplace.

Fortunately, behavior-based programs are significantly more effective in actually changing employee behaviors and in firmly implanting a safety-minded culture in your organization. Rather than just "working X days without a lost-time injury," behavior-based safety incentive programs provide incentives for employees to make safety suggestions, participate in meetings or audits and implement job improvements. By getting employees involved in the process of creating a safe work environment, they will be more likely to focus on the total outcome rather than just the reward.

Your Safety Incentive Program

When safety incentive programs are implemented improperly, the following results can occur:

- Ineffective: Employees ultimately lose interest, while employers consequently find them too time-consuming and costly to keep up.

- Expected: Employees eventually expect to receive the incentive regardless of the outcome.

- Routine: When expectations and rewards are the same year after year, employees will lose interest and the program will run out of steam.

- Punitive: Employees may become "punitive" toward one another, particularly when group rewards are used. If one person is responsible for the loss of a group reward, that individual may become the target of negative behavior or resentment by other employees.

- Irrelevant: Employees may not see the relevance of the programs, even from the beginning. After all, aren't they

supposed to be safe as part of their job requirements?

Conversely, when safety incentive programs are only one part of an overall safety-minded culture and a well-planned and administered safety program, the use of incentives can mitigate unsafe acts and change employee behaviors. Safety incentive programs should never be a substitute for a good job design, but rather should be used in organizations that have already been successful in eliminating unsafe conditions and hazards.

When employers recruit safety-conscious workers, involve top and middle management in safety performance and clearly link awards and incentives to specific performance measures, a safety incentive program can be a success.

Program Do's and Don'ts

Here are some simple do's and don'ts for implementing an effective safety program:

DO: Understand the importance of recognition versus reward. Companies that train and encourage leaders to recognize safe behavior and positive outcomes have excellent safety cultures. Employee recognition is essential to building safety awareness and should be used as a significant way of promoting the program on a continual basis. Consider the value of recognition in newsletters and awards ceremonies, surprise pizza parties and even a simple pat on the back. This type of recognition from superiors is often seen as more personal and meaningful than tangible rewards. Then, use those other rewards as icing on the cake.

DO: Use constant repetition and consistently promote the program. Take your cues from marketing, where the most essential thing to delivering a message is frequency and consistency.

DO: Get management support and buy-in. Every manager from supervisors to the CEO must be committed to, and participate in, the program. Employees will never buy into a program if they see that management hasn't.

DO: Commit appropriate time and money to the program. Safety incentive programs on average cost $50 per employee per year and take significant time to properly plan and execute. The appropriate budget and time commitment will go a long way toward implementing and maintaining a successful program.

DO: Make safety a core value for your organization. It is as

important to long-term success as production and profits. Discussion of safety issues should be part of every meeting.

DO: Involve employees in the process. Have them participate in committees, inspections, investigations and making suggestions.

DO: Set high expectations, state them clearly and often, and provide employees with the proper resources and equipment to meet them.

DO: Reward everyone and reward often. While you are spending money on and rewarding the people who are already safe, what are you doing to change the behavior of those who aren't? Be sure that every employee has an equal chance at rewards. If you are using long-term processes or points-based programs that build toward rewards, send regular updates so employees know where they stand. With any program, provide routine feedback and continuously connect successful behavior changes to the reward.

DO: Provide rewards that are genuine, meaningful, important and worth achieving. Sometimes a pat on the back is worth more than cash.

DON'T: Focus on just the reward. Instead, consistently educate and encourage the safety-conscious behavior that will lead to the desired outcome.

DON'T: Focus on injury reports, which are lagging indicators. Programs that are based solely on reducing the number of reported injuries can discourage timely and accurate reporting. Instead, implement strong injury reporting policies and accident investigation procedures alongside a program that encourages safety-conscious behaviors and makes safety top of mind for all employees.

DON'T: Let the safety incentive program stand alone or be a substitute for a full safety program. Safety incentive programs must be used alongside safety meetings, training sessions and employee suggestion programs in order to help build safety awareness and long-term enthusiasm for the program. Any company considering a safety incentive program should already have in place a comprehensive safety program that includes return-to-work light duty programs, thorough accident investigation procedures and employee-driven safety committees.

DON'T: Make it complicated. Safety incentive plans should be simple and unambiguous. Start with a big kickoff during which expectations are clearly communicated, and then continue to

regularly communicate these expectations. Awards and incentives should be clearly and quickly linked to specific performance measures.

DON'T: Attempt to take a program "off the shelf" and plug it into your organization. Certain types of incentive programs simply may not work in your organization, and they might even become a disincentive to report injuries. Instead, keeping in mind your long-term goal of reducing accidents and injuries and keeping workers' compensation costs in check, use a process-based approach that fits your organization's characteristics and will help employees to reach the end goal. In order to be effective, your program must strike a balance between reducing injuries and encouraging safety-conscious activities.

DON'T: Expect the program to run itself, or it will run out of steam. Get employees involved by setting up safety committees comprised of employees. Be sure they have an appropriate budget and resources to run the program for the long term.

DON'T: Use contests or group rewards that will result in negative peer pressure. Group rewards will only work in organizations where teamwork and cooperation are already part of the culture.

Rewards that Work

What about gifts and prizes? Is cash ever an acceptable reward? Most experts agree that cash bonuses are acceptable for truly outstanding safety performance, but many warn that cash—while seemingly the most valuable prize an employee could receive—is simply not special enough. Rewards should be symbolic, meaningful and a remembrance of the job well done. Many companies use clothing, housewares or outdoor equipment imprinted with company safety slogans or logos. Offering extra vacation days and food or parties are also popular with employees and are easy to implement.

We're Your Safety Partner

Above all, remember that safety incentive programs should not be about paying people off, but about recognition and motivation for making safety a top priority every day.

Gallagher Risk Management - Tulsa has a host of tools and resources to help you take your safety program to the next level. Contact us today at 918-764-1614 to learn more about how we can help support your safety culture to control exposures.