

EMPLOYEE SAFETY INCENTIVES:

A Best Practices Survey of Human Resource Practitioners

By **PETER M. GLENDINNING**

During a recent quarterly safety meeting within the author's organization, the human resources department was charged to investigate safety incentives, explore their effectiveness, and, if found to be viable, determine best practices in the field. With this directive in mind, the author polled human resource peers.

OCCUPATIONAL SAFETY & THE HUMAN RESOURCE FUNCTION

As noted, this study focuses on human resources (HR) and its role in occupational safety and health (OSH). This role varies according to the size of an organization and the industry in question (Mathis and Jackson 480).

For example, in new or small firms (such as the author's), the HR unit (along with line supervisors) is primarily responsible for OSH programs and policies. In contrast, larger or more-established firms typically have an autonomous business unit dedicated to OSH. Even so, a partnership of effort must exist between these two departments (Bohlander and Snell; Flatow; Dessler).

That said, this survey attempted to identify and understand the unique perspectives and insights of HR professionals on employee safety incentives.

POPULATION & SAMPLE

The population selected for this survey was members of the Northeast Human Resources Assn. (NHRA), which is an affiliate chapter (Boston) of the Society for Human Resources Management. The 3,000+ members of NHRA represent the gamut of organizational sizes and types.

The typical survey respondent was an HR manager or director. To make results generalizable and applicable to stated needs, organizations targeted were similar to the author's; it was expected that participants would have experience with and knowledge of employee safety incentives.

For example, manufacturing firms and those with delivery fleets were targeted, as they would likely have experience with the subject matter. Conversely, Internet startups and other dot-com firms were excluded, as it was assumed they would have limited knowledge on the subject.

An informal e-mail survey was conducted to determine current incentive activities and inquire about recommended practices. It consisted of a single, open-ended, two-part question: A) Do you use safety incentives? B) What would you recommend to someone who was considering implementing such a program? In the end, 35 HR professionals participated (including two who responded to the e-mail survey via telephone).

DEFINITION OF TERMS

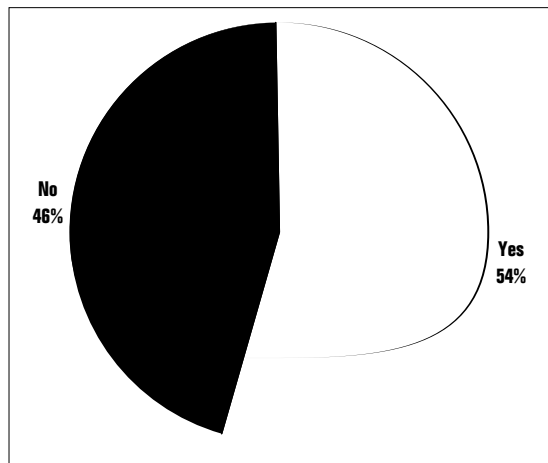
Before reviewing results, let's answer one basic question: What are safety incentives and what do they do? Goldberg answers this question succinctly: "In their efforts to reduce accidents, many firms offer employee performance incentives. Typically, the employer awards some item (cash, clothing, prize) to individual employees or employee groups who work a specified period of time without having an accident" (Goldberg 37).

DATA ANALYSIS

The following discussion summarizes the observations of those who currently use safety incentives; describes what incentives are used; and explains why participants believe they are effective.

As noted, cash is one way to reward employees for working a specific period of time without an injury or accident claim. Respondents who actively use cash-based safety incentives reported a variety of award amounts as well as various milestones for receiving rewards. Some indicated that rewards were distributed monthly, while others offered quarterly or annual cash awards. Amounts varied from \$5 for a monthly incentive to a \$2,000 year-end bonus. There was also equal representation from both team- and individual-based cash incentives.

FIGURE 1 Do You Use Safety Incentives?



The survey also revealed that some firms compute cash incentives as a percentage of an employee's gross annual income. Others weigh the safety record of the department as a component of the supervisor's annual bonus. Some respondents employed by firms with independent safety departments compute their safety personnel's bonuses based on the company's safety record.

Non-cash rewards cited covered an even-broader spectrum in terms of prizes awarded and milestones involved. Employee-sponsored breakfasts, lunches or parties were one popular option. These could be as simple as coffee and doughnuts, or as elaborate as what one respondent termed a "big bash."

Gift certificates to local stores and restaurants, or specific gift catalogs or gift websites were also popular; amounts varied from \$25 to \$150. Again, respondents noted that these can be either team- or individual-based. Milestones varied from firm to firm as well. Paid time off was another reward for achieving safety goals; again, criteria were both team- and individual-based.

One interesting non-cash incentive reported was an all-expense paid trip for two to Disney. According to this participant: "We break the company into teams (with several departments in each team). Members of each team that has no lost-time accidents quarterly receive a \$25 gift certificate. We also have a Christmas drawing where the grand prize is a trip for two to Disney, and a summer drawing is held during our annual appreciation day."

Many participants (almost one-third of all respondents who use incentives) reported that they use safety-themed games to increase safety awareness. These games can take various names and forms depending on the vendor from which they are purchased (e.g., bingo cards, scratch tickets). Such programs are designed to raise awareness and, according to program vendors, they "create interest by making the safety process fun."

Self-designed safety games were reported as well. In some cases, money is added to a "pot" for a time increment that a team works without a lost-time accident (or some other criteria). The longer the team remains incident-free, the larger the pot grows. A variant to this is to have a fixed pot and pit teams against each other. If a team has a recorded incident, it is eliminated from the game.

Do Incentives Work?

How do these safety incentive programs work? Do they have the desired effect? Some respondents offered positive comments:

- "I believe the idea is a good one that can produce measurable results when and where they are instituted."
- "We've gone 151 days without a lost-time accident, which hasn't happened in several years!"
- "It has been successful for us."
- "I can tell you that it stopped a good deal of the 'weekend warrior' accidents that became industrial on Monday morning. It did have a tremendous impact."

Not all participants spoke so highly of safety incentive programs, however. As Krause explains, "Safety incentive programs are a controversial topic. When considering such programs, concerned professionals must ask several questions. Do incentives as a safety motivator send the right message? Does the program send a message that safety is truly valued? Is feedback accurate? Is the right behavior being motivated? Does the program encourage accurate reporting or drive injury information underground" (Krause 22).

Although many in this survey would answer in the affirmative to these questions, of those who said they do not use safety incentives, 38 percent reported this was due to a conscious decision against such programs.

Specific criticisms offered fall into three main categories. First, some believe safety incentives—and safety games in particular—downplay the importance of workplace safety. For example, one respondent said, "Those who don't like incentives feel that they send the message that safety is an add-on that you have to be bribed to pay attention." Another observed, "Over the years, we have tried various incentives with some having average success and others that tended to be 'flavors of the month' and did nothing but give away token gifts."

Second, some said safety incentives create a hostile work environment in which a legitimately injured employee is harassed by team members because his/her injury prevents the group from receiving an incentive. According to one participant, "There was always the feeling that 'I don't want to mess up for the total group.'"

Third, survey participants cited the possibility of deliberate non-reporting of incidents that would prevent individuals and/or teams from achieving incentive goals. As one participant said, "We opted not to do the incentives as the research alarmed us that people may be injured and not tell us so that they won't 'lose,' thus creating an even bigger mess down the line."

This possibility has not gone unnoticed by the federal government. In 1998, the National Advisory Committee on Occupational Safety and Health directed OSHA to assess whether incentive programs prompt under-reporting of workplace injuries.

In their Dec. 2000 article in *Professional Safety*, Flanders and Lawrence examine OSHA's findings as well as the agency's position on safety incentives. They note that OSHA categorizes safety incentives as either traditional and non-traditional. As these authors explain, traditional programs are those that are "results-focused"—that is, they are "linked to the reduction of the number of injuries and illnesses reported . . . rewards whenever the facility goes a certain length of time without a lost-workday accident [and/or] . . . rewards based on actions of fellow employees" (Flanders and Lawrence 30).

Conversely, non-traditional programs are "active participation focused." Such programs offer "employee rewards that are linked to active involvement in safety-related activities—safe work practices—process of intervention . . . rewards for attending safety meetings, identifying hazards [and] making suggestions" (Lawrence and Flanders 30).

So how does OSHA rate each type of program? The agency believes that "although the outcome of the two types of incentive programs may be the same, only the former type [non-traditional] truly enhances worker safety and health." Furthermore, "OSHA does not support traditional incentive programs [due to the propensity of underreporting of inci-

dents], but does support non-traditional programs" (Flanders and Lawrence 30).

Non-Traditional Incentive Programs

Several survey participants reported that they use "non-traditional" methods. How do these programs operate in the workplace?

The first category of such incentives are rewards for preventive actions. Responses describing this type of program:

- "I encourage incentives based on 'safety awareness'—kudos for the person who reminds a co-worker to move a box or wear a hardhat."

- "We also hand out 'coupons' for free coffee or soda in our cafeteria if we catch someone doing something right."

A second category involves use of safety meetings that promote safety awareness and compliance. Again, participants shared real-world examples:

- "We held safety committee meetings and toured looking for problems. We find that as much information comes in through the informal approach to our managers and maintenance crew."

- "We had monthly 'all hands' meetings in which I presented a safety "concern" or information, and we really put safety as an important issue right up there with the info on sales and production. I think this brought about a positive reaction and awareness."

In the third category, workers and managers are not rewarded based solely on safety performance; instead, safety is a weighted component in determining overall satisfactory job performance. Cited examples of this method in action:

- "What we did have success with was to hold the supervisors and managers accountable for safety by putting a safety block on their performance evaluations. This prompted them to better enforce the policies we were trying to establish."

- "I strongly urge you to first look at your education and training program (in

Recommended Reading

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Bach, D. "Safety Incentive Programs: Effective Business Tools." *Occupational Health & Safety*. June 2000: 103-106.

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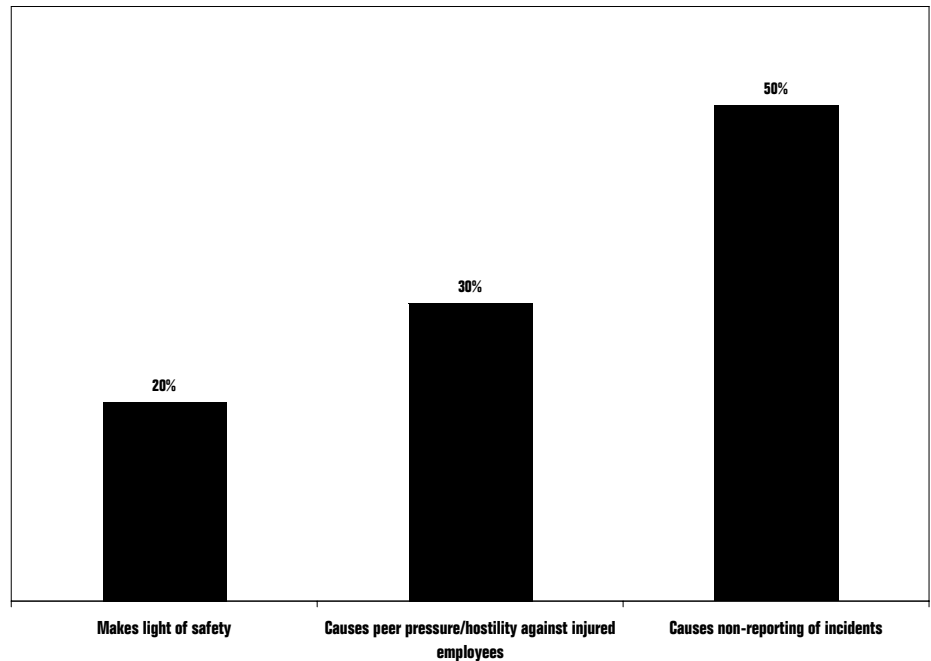
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Nelson, R. "Safety Incentives Can Be Fun, Simple." *Manage*. Feb. 1998: 8-10.

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FIGURE 2 Stated Concerns About Safety Incentives



combination with your job descriptions) that is in place, then at your performance management program and examine how your management team is or is not keeping employees educated, focused and then accountable for safety issues."

- "I like the idea of rewarding workers, but first they must be educated, and managers and workers must be held accountable through performance reviews."

CONCLUSION

Survey participants offered vivid examples of both traditional and non-traditional programs. However, as the literature reports and as participants noted, neither type of program can operate in a vacuum.

- "... incentivizing will only work if you have these other tools and resources in place first."

- "The most important incentive toward safety awareness is commitment and visible support from company management from the very top on down."

- "If you decide to try incentives, research well and design your program and be prepared to maintain it over the long haul."

Safety incentives can have a positive impact on an organization's safety performance. However, for these programs to succeed, they must be part of an overall safety strategy that encompasses communication, education, training, monitoring, active participation and accountability. ■

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