

# Improve safety performance and avoid false reporting: there's fine line between creating safety-incentive programs that work and creating those that on the surface seem to work.

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The owner of a small manufacturing company walked up to one of his employees, looked him in the eye and said, "I've noticed that in this past year you have had no personal injuries or accidents. I am very impressed by your attention to safety on the job. I am grateful for your effort and the wonderful results you have achieved. Your safe approach to your job is very valuable and important to the company and me. I would like to thank you for your conscientious behavior. As a token of my gratitude here is a check for \$100."

Great story isn't it? A grateful owner takes the time to personally recognize a safe employee? Who could argue that this act was a wonderful example of taking care of the people who take care of your business? Who could argue with the purpose, intent and outcome of this owner's action? Surprisingly, there are quite a few.

## The Critics

Most vocal in their criticism of this owner would likely be labor unions, including the United Auto Workers and the International Chemical Workers Union Council. In papers and speeches, representatives of these and other unions report that pressure to earn rewards causes workers to misreport or not report injuries, leading to medical complications and allowing dangerous working conditions to continue to exist.

They are very clear in their criticism, continually referring to safety rewards as being given for "not reporting injuries" rather than not sustaining injuries. Labor union criticism of safety rewards even extends to the more comprehensive behavior-based safety systems that recognize and reward employees for identifying, observing, measuring and reinforcing safe practices rather than time without incident.

The Occupational Safety and Health Administration (OSHA) and the National Institute of Occupational Safety and Health (NIOSH) might also question the generous owner if he had given this safety award based solely on time without a lost time or recordable accident. They would cite examples of employees who were pressured not to report an accident with the hope that they would earn such a bonus. They would also criticize the owner for using cash rather than a more "psychological reward."

Even consultants who specialize in performance-improvement systems would question this owner's intentions for giving the award in the first place. They would ask if he had a plan for using awards and how he intends to evaluate the outcome of his actions. They would ask if he was intending to demonstrate how important safety is by rewarding one safe performer hoping that others will get the message and work safer. They would want to know if he intends to seek out other safe performers and give similar awards, or was he intending to encourage the practice of not reporting minor injuries. They would want to know if he was really just intending to do a nice thing for someone who had a good safety record. In any case, they would likely remind him that where safety rewards are concerned the old adage is true, "The road to hell is paved with good intentions."

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Lots for the business owner to think about, but in spite of these concerns and criticisms, safety rewards continue to be a widespread and very popular business practice--for many good reasons. With steep and continually rising workers' compensation costs, potential litigation and regulatory fines, employers are very interested in doing just about anything that will reduce the incidence of accidents and injury, including rewarding those workers who don't get hurt on the job.

The cost of the rewards is always less than the cost of the accidents. And when you add in the hidden cost of injury that includes lost productivity, reduced quality and service, replacement/temporary labor, damage to equipment or property, etc., even a rich reward program can seem dirt-cheap by comparison.

### The Practitioners

So, organizations continue to employ safety-reward programs and frequently report dramatic improvements in safety performance. However, unlike the owner in the opening of this article, most employers are approaching the use of safety rewards in a much more thoughtful and comprehensive manner.

Following are just a few examples of safety-reward programs reported by a diverse group of organizations:

\* International Paper's Plant City, Florida, location uses a safety-incentive program that recognizes team performance using injury and illness rates, but it is only about 20 percent of the whole program. Other parts of the program are related to safe behavior and feature award points for attending safety meetings and compliance to safety training, for offering safety tips, mentoring new employees, conducting safety audits and participating on the safety committee. The program's emphasis is on rewarding efforts that lead to safety, not just the lack of reported incidents and accidents.

\* Verizon, the well-known communications provider, is moving away from rewarding accident-free days altogether. Verizon has initiated a safety program that targets reducing specific categories of accidents that directly affect the bottom line. Verizon combines training with tracking to determine if the intended reduction in accidents is occurring. In this way, it can gauge the effectiveness of training. As for rewards, Verizon has established a multi-tiered approach that incorporates verbal praise, written commendations and gift certificates. Teams whose members reach target safety goals mark the occasion with a group meal.

\* The Defense Distribution Depot in San Diego, Calif., has developed a checklist of safety-compliance measures including storage and labeling of hazardous materials, identifying electrical hazards, performing housekeeping, and observing and reinforcing behavioral compliance to safety procedures. Employees who choose to participate earn Safety Bucks that can be spent at the Safety Store for merchandise.

#### The Proponents

While there are still those who say that safety is its own reward--you get to go home in good shape--Buck Peavey, president of Peavey Performance Systems in Lenexa, Kan., notes, "In theory, we shouldn't have to have incentive programs to motivate people to work safely. In reality, rewards and recognition will boost safe behavior and motivate people." Peavey cites a large Department of Defense contractor that implemented a safety-recognition program and decreased accidents by more than 55 percent.

Supporting Peavey's example is the 2001 survey conducted by the Society of Incentive & Travel Executives Foundation (SITE). One of the study's key findings show that: only 8 percent of workers surveyed said they would have achieved their safety goals without an incentive program.

Several safety experts who are not directly involved in designing or recommending reward programs still find value in safety rewards--to a point. Gerard Perrier, president of Groupe Perrier, an international safety-consulting company based in Montreal, Canada, is very clear about his opinion of safety rewards. He says: "Our mission is to eliminate injury in the workplace and we must include the safe behavior of employees in that mix. If employees contribute in any way to the actual elimination of injuries, they should be recognized for their contributions, and so should supervisors and managers. Each group, every individual, has a responsibility to participate in improving safety and every one of them deserves recognition when their contributions help eliminate injury."

Philip Hurst, Ph.D., senior vice president of a large international risk-management organization, states, "Most of the complaints about safety-reward systems or reward systems in general are that they fail to integrate multiple factors. The exclusion of any one of them could result in over-all failure. Rewards and recognition can play an important part in a safety program, but first you have to have a fundamental change model that accurately identifies the safety efforts that lead to improved results. Ensuring that everyone understands the role he or she plays in improving safety, then accurately linking recognition and rewards to those efforts, will have a lot to do with how effective they are influencing current and future safety initiatives."

Except for the extreme opponents of using extrinsic rewards for anything, there seems to be consensus that as an integral part of a comprehensive safety program, rewards and recognition can affect safe performance and results in a positive direction. Even the unions would accept a program that rewarded employees for pointing out unsafe conditions or suggesting ways to eliminate accidents and injuries.

## The Process

So the question about using safety rewards is less about false reporting and more about how rewards are used, what rewards are appropriate, who should be rewarded, and for what reasons should rewards be given. Based on comments from the critics and proponents, following are eight summary points to consider when creating safety rewards--and avoid false reporting:

1. A safety-reward program can add to, but not replace, a comprehensive, well-executed safety program. If you put a safety-reward program into an unsafe system, the system will win every time, producing undesired behavior. As Seth Marshall, president of Safety Pays in Cashiers, N.C., will tell you, if you think an incentive program will improve rather than enhance safety in your organization, "You're buying gas for a car that doesn't run."
2. A safety reward program should be integrated into every other aspect of your business. William Abernathy, author of *The Sin of Wages* (Perfsys Press: 1996), advises his clients to include safety measures in an overall performance matrix that allows for frequent recognition of safety-enhancing efforts and behaviors, but rewards overall excellent result--including but not limited to safety.
3. Know what you want to accomplish and be able to identify success. Like every other business initiative, safety-reward programs must have objectives and goals. The only way to evaluate the success of the program--including the motivational impact of the rewards being used--is to establish goals and measure progress against them.
4. When work schedules are developed, they should include time for safety activities. If a maintenance job is
4. When work schedules are developed, they should include time for safety activities. If a maintenance job is rated at 30 minutes and it takes 10 minutes to put on the appropriate protective gear to perform the job safely, the job should be scheduled to take 40 minutes. Pressure to perform against a tight schedule is one of the most often cited reasons for taking safety shortcuts that lead to injury and accidents.
5. Identify the list of safety-enhancing behaviors that you would like to see on a daily basis. These include personal safety behavior, as well as helping others be safe by attending and contributing to safety meetings, warning others about unsafe acts or circumstances when you see them, praising others for safe behavior when you see them, suggesting facility or procedural changes that will improve safety, etc. These acts should be recognized, acknowledged, praised and rewarded; they should never be punished or discouraged.
6. Leaders at every level have to participate in the safety program by modeling safe behavior, recognizing safe behavior socially, and using the company's resources to implement suggested improvement. Paying attention to all aspects of safety is one of the best ways to demonstrate that safety really is a critical part of "the way we do business around here." No safety reward should ever be given without being accompanied by social recognition of some type, whether a comment by the boss or a personal letter from an executive. And when an organization asks for suggestions for improvement, it has to be prepared to implement them. Having an idea valued enough to be implemented is very rewarding for most employees.
7. Use a wide range of rewards to appeal to a wide range of employees. It is difficult to use cash as an effective safety award because it takes on the appearance of additional compensation. However, for

some organizations and for some people, it may be effective if tied to overall productivity, quality, etc. Usually more effective in the long run are travel awards that "make a memory" and/or merchandise that has "trophy value." These kinds of awards have the potential for more lasting impact on future safety efforts. Additionally, using nontangible awards such as letters of commendation, simple, inexpensive celebrations, small tokens or even just a word of praise keeps the focus on safety rather than on the award.

8. Be flexible as necessary. Finally, no safety-reward program is guaranteed to be foolproof. Evaluating all aspects of a program is imperative. Being prepared to change when the data indicates a change is needed is imperative.

Rewards for safety should be given as much consideration as every other workplace aspect that affects whether or not every worker goes home at night, whole and healthy. If you approach the use of safety rewards in a thoughtful and serious manner, there should be no reason for anyone to hide an injury or falsely report a claim. Safety is a critical issue in business, and rewards for safety can play a part in enhancing every organization's efforts to make the workplace as safe as possible.