



Employee Safety

## The Real Cost of Accidents in the Workplace

Tim Wilson | Jun 19, 2017

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### What You Need to Know

The annual cost of workplace injuries, including illnesses, is \$170 billion.

OSHA provides free, easy-to-use tools to estimate costs.

Fatigue or other sleep issues were the suspected cause of 478,000 workplace injuries last year.

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**Businesses need to gain a deep understanding of the effect of workplace injuries and must foster a culture of safety.**

Every day in the United States, thousands of people are injured on the job. The numbers are staggering: In 2015 alone there were 2.9 million nonfatal workplace injuries and illnesses reported by private-industry employers.

That adds up to a rate of three cases per 100 full-time equivalent (FTE) associates. The economic toll is substantial, with occupational injuries and illnesses **costing businesses \$170 billion a year.**

One tool from the Occupational Safety and Health Administration that has been useful to companies is the online **"Safety Pays" cost calculator**, which estimates the costs of occupational injuries and illnesses and the impact on a company's profitability.

"The Safety Pays program uses a company's profit margin, the average costs of an injury or illness, and an indirect cost multiplier to project the amount of sales a company would need to cover those costs," says OSHA spokesperson Kimberly Darby. "The calculator shows that workplace injuries and illnesses can have an enormous impact on a company's bottom line, particularly for small and midsized employers."

## The 2 Biggies: Overexertion and Falls

In the United States, the economic cost of workplace injuries is substantial, but not all injuries are created equal. When assessing the risk to an organization, it's critical to understand which injuries represent the highest direct costs.

For example, though the total cost of the most disabling injuries is estimated to be \$59.87 billion annually, the top 10 account for a staggering \$49.92 billion, or 83.4 percent of the total, according to the *2017 Liberty Mutual Research Institute Workplace Safety Index*.

Among those, "overexertion involving outside sources"—which includes injuries related to lifting, pushing, pulling, holding, carrying or throwing objects—was the dominant cause, representing \$13.79 billion (23 percent) of the total injury burden. This was followed by "falling on the same level," with \$10.62 billion of direct costs (17.7 percent).

Combined, these two categories were dominant, representing 40.7 percent of the total, or \$24.4 billion—about \$469 million a week.

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Safety Specialist, MSC

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The most recent data from OSHA shows that there were 4,836 fatal work injuries in 2015, compared with 4,821 in 2014. And though that represents a relative drop from 3.43 to 3.38 fatalities per 100,000 FTEs, there is clearly more work to be done.

"Safety is a matter of culture and awareness," says Damon Cassell, a safety specialist with MSC Industrial Supply. "No one wants to see a friend or co-associate get hurt, which speaks to the importance of creating a culture of caring."

## Safety on the Job

Safety experts say that on-the-job awareness is as important a factor as making sure a business has the right equipment, machine labeling and signage. For example, the National Safety Council's 2017 edition of "Injury Facts" indicates that about 478,000 workplace accidents most likely involve fatigue or sleep problems.

"If you're being unsafe, some managers will physically walk you off the job because they know you might hurt yourself or someone else," Cassell says. "You have to look at safety as a win-win in terms of

taking care of people and saving money.”

The good news is that there is significant interest in tools like Safety Pays, which shows that businesses are serious about understanding—and communicating—the financial risks associated with preventable injuries.

“During the one-year period between May 7, 2016, and May 7, 2017, the page drew about 35,000 unique visits,” Darby says. “We have informally received feedback from numerous employers that the calculator has been helpful in raising awareness of the financial impacts of workplace injuries and illnesses.”

## Communication Challenges in Small Companies

It can be more difficult to communicate the importance of safety to smaller organizations. Self-employed associates, for example, have a fatal injury rate that’s four times that of wage and salary associates, according to the *Bureau of Labor Statistics*. Policies supporting strict oversight can be easier to implement in companies where co-associates can be enlisted to help, with a stronger sense of managerial and corporate responsibility. But the vendor and distribution community has a role to play, too.

“As a safety specialist, I help customers with the products we sell, linking them to vendor sales representatives to make sure they’re getting the right item,” Cassell says. “Product knowledge is critical. Each person on our team has specific expertise. I am more of a generalist, working pro bono for customers, because I want to assume the role of trusted adviser.”

Having that input can be critical in supporting the best purchasing decision and creating a culture of workplace safety. Although private industry may be offering a carrot to encourage the adoption of safe products, the federal government has taken a more serious role in exacting a monetary cost, most notably with the *Federal Civil Penalties Inflation Adjustment Act Improvements Act*, which became law in 2015.

“This law requires OSHA and other enforcement agencies to increase their penalties to account for inflation,” Darby says. “OSHA’s penalties had last been raised in 1990, so the initial increase was 78 percent.”

That’s a hefty jump, with the inflation model securing the long-term financial relevance of the law. Given the National Safety Council data, which shows that 58,000 fewer Americans would have died in 2015 if the preventable rate had tracked to the improving overall fatality rate, it’s clear that improving workplace safety is everyone’s business.

## Key Takeaways

- Adopt a culture of safety by making associates aware of factors on the shop floor that can drive up on-the-job injuries.
- Watch for fatigue and overexertion—and encourage co-associates to monitor one another—because both are a common cause of injuries.
- Use tools such as OSHA’s Safety Pays calculator to determine your business’s negative outcomes from workplace injuries in costly financial terms.

*Do you have an accurate idea of the cost of injuries to your business? Use the OSHA calculator and share your estimates.*